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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3617**

February 28, 2008

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The bill was read for the first time and referred to the Committee on Health and Human Services

March 4, 2008

By motion, recalled and re-referred to the Agriculture, Rural Economies and Veterans Affairs

March 17, 2008

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to health; establishing a wound prevention and care formulary
1.3 demonstration project for state veterans homes; requiring reports; appropriating
1.4 money; proposing coding for new law in Minnesota Statutes, chapter 198.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[198.38] WOUND PREVENTION AND CARE FORMULARY.**

1.7 Subdivision 1. **Establishment.** The commissioner of veterans affairs shall establish
1.8 a three-year wound prevention and care formulary demonstration project at the state
1.9 veterans homes. The project must be implemented at each veterans home beginning July
1.10 1, 2008. The commissioner shall contract with a private sector entity with expertise in
1.11 wound prevention and care to administer the demonstration project.

1.12 Subd. 2. **Formulary components.** The formulary must cover all skin care, including
1.13 wound care management. The formulary must include the following interdependent
1.14 and coordinated elements:

1.15 (1) health care provider training;

1.16 (2) new wound diagnostic, prevention, and treatment technologies;

1.17 (3) Web-based software for resident and patient measurement, monitoring, and
1.18 reporting that meets the standards of the Health Insurance Portability and Accountability
1.19 Act (Public Law 104-191); and

1.20 (4) wound prevention and treatment guidelines for adaptation of formulary elements
1.21 to any dermal condition.

1.22 Subd. 3. **Performance milestones.** The demonstration project must be designed to
1.23 achieve the following annual performance milestones, using as the baseline data from the
1.24 fiscal year immediately preceding implementation of the demonstration project:

- 2.1 (1) reduce wound volume by 50 percent across all wound types;
2.2 (2) achieve high levels of formulary compliance, as specified by the commissioner,
2.3 through Web-based wound data report software that allows weekly oversight of
2.4 compliance; and
2.5 (3) reduce costs by 25 percent in all standard skin and wound care product categories.

2.6 **Subd. 4. Reimbursement and pay-for-performance; evaluation.** (a) The entity
2.7 under contract shall be paid \$1.15 per licensed bed per day to implement the wound
2.8 prevention and care formulary at each veterans home.

2.9 (b) If the performance milestones specified in subdivision 3 are not met at a veterans
2.10 home for a fiscal year, the per diem payment rate for that home received by the entity
2.11 under contract for the following fiscal year shall be reduced by 20 percent from the level
2.12 specified in paragraph (a).

2.13 (c) The entity under contract, in cooperation with each veterans home, shall report to
2.14 the commissioner all data necessary to determine whether the performance milestones
2.15 are met, and shall report any other data that the commissioner determines is necessary
2.16 to evaluate the quality of care provided by the demonstration project. The entity under
2.17 contract shall report this data in the form and manner specified by the commissioner.

2.18 **Subd. 5. Reports to the legislature.** The commissioner shall present a preliminary
2.19 report to the legislature, by December 15, 2009, on implementation of, and the quality of
2.20 care provided by, the wound prevention and care formulary demonstration project, that
2.21 includes a determination of whether the entity under contract has met the performance
2.22 milestones for the first year. The commissioner shall present a final report to the
2.23 legislature, by December 15, 2010, that updates the information in the preliminary report,
2.24 includes a determination of whether the entity under contract has met the performance
2.25 milestones for the second year, and provides a recommendation as to whether the
2.26 demonstration project should be continued beyond June 30, 2011.

2.27 **Sec. 2. APPROPRIATION.**

2.28 \$..... is appropriated from the general fund to the commissioner of veterans affairs
2.29 for the fiscal year ending June 30, 2009, to implement the wound prevention and care
2.30 formulary demonstration project.