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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3790

04/01/2016 Authored by Zerwas

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

1.1 A bill for an act  
1.2 relating to human services; modifying medical assistance payment rates for  
1.3 durable medical equipment, prosthetics, orthotics, and supplies; amending  
1.4 Minnesota Statutes 2015 Supplement, section 256B.766.

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

1.6 Section 1. Minnesota Statutes 2015 Supplement, section 256B.766, is amended to read:

1.7 **256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.**

1.8 (a) Effective for services provided on or after July 1, 2009, total payments for basic  
1.9 care services, shall be reduced by three percent, except that for the period July 1, 2009,  
1.10 through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical  
1.11 assistance and general assistance medical care programs, prior to third-party liability and  
1.12 spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical  
1.13 therapy services, occupational therapy services, and speech-language pathology and  
1.14 related services as basic care services. The reduction in this paragraph shall apply to  
1.15 physical therapy services, occupational therapy services, and speech-language pathology  
1.16 and related services provided on or after July 1, 2010.

1.17 (b) Payments made to managed care plans and county-based purchasing plans shall  
1.18 be reduced for services provided on or after October 1, 2009, to reflect the reduction  
1.19 effective July 1, 2009, and payments made to the plans shall be reduced effective October  
1.20 1, 2010, to reflect the reduction effective July 1, 2010.

1.21 (c) Effective for services provided on or after September 1, 2011, through June 30,  
1.22 2013, total payments for outpatient hospital facility fees shall be reduced by five percent  
1.23 from the rates in effect on August 31, 2011.

2.1 (d) Effective for services provided on or after September 1, 2011, through June  
2.2 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies  
2.3 and durable medical equipment not subject to a volume purchase contract, prosthetics  
2.4 and orthotics, renal dialysis services, laboratory services, public health nursing services,  
2.5 physical therapy services, occupational therapy services, speech therapy services,  
2.6 eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume  
2.7 purchase contract, and anesthesia services shall be reduced by three percent from the  
2.8 rates in effect on August 31, 2011.

2.9 (e) Effective for services provided on or after September 1, 2014, payments  
2.10 for ambulatory surgery centers facility fees, hospice services, renal dialysis services,  
2.11 laboratory services, public health nursing services, eyeglasses not subject to a volume  
2.12 purchase contract, and hearing aids not subject to a volume purchase contract shall be  
2.13 increased by three percent and payments for outpatient hospital facility fees shall be  
2.14 increased by three percent. Payments made to managed care plans and county-based  
2.15 purchasing plans shall not be adjusted to reflect payments under this paragraph.

2.16 (f) Payments for medical supplies and durable medical equipment not subject to a  
2.17 volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2014,  
2.18 through June 30, 2015, shall be decreased by .33 percent. Payments for medical supplies  
2.19 and durable medical equipment not subject to a volume purchase contract, and prosthetics  
2.20 and orthotics, provided on or after July 1, 2015, shall be increased by three percent from  
2.21 the rates as determined under paragraph (i).

2.22 (g) Effective for services provided on or after July 1, 2015, payments for outpatient  
2.23 hospital facility fees, medical supplies and durable medical equipment not subject to a  
2.24 volume purchase contract, prosthetics and orthotics, and laboratory services to a hospital  
2.25 meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4),  
2.26 shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made  
2.27 to managed care plans and county-based purchasing plans shall not be adjusted to reflect  
2.28 payments under this paragraph.

2.29 (h) This section does not apply to physician and professional services, inpatient  
2.30 hospital services, family planning services, mental health services, dental services,  
2.31 prescription drugs, medical transportation, federally qualified health centers, rural health  
2.32 centers, Indian health services, and Medicare cost-sharing.

2.33 (i) ~~Effective July 1, 2015,~~ The medical assistance payment rate for durable medical  
2.34 equipment, prosthetics, orthotics, or supplies shall be ~~restored to~~ set at the January 1, 2008  
2.35 2015, medical assistance fee schedule, adjusted to include the payment rate increases  
2.36 specified in clauses (1) and (2), updated to include subsequent rate increases in the

3.1 Medicare and medical assistance fee schedules, and including individually priced items for  
3.2 the following categories: enteral nutrition and supplies, customized and other specialized  
3.3 tracheostomy tubes and supplies, electric patient lifts, and durable medical equipment  
3.4 repair and service. The January 1, 2015, medical assistance fee schedule shall be adjusted  
3.5 as follows: (1) payment rates for durable medical equipment, prosthetics, orthotics, or  
3.6 supplies, other than individually priced items, shall be increased by .... percent; and (2)  
3.7 payment rates for items included in Medicare's competitive bid program as of January 1,  
3.8 2015, other than individually priced items, shall be increased by an additional .... percent  
3.9 from the enhanced January 1, 2015, medical assistance fee schedule rate specified in  
3.10 clause (1). The commissioner shall apply the rate adjustments to the January 1, 2015,  
3.11 medical assistance fee schedule specified in clauses (1) and (2) retroactively to July 1,  
3.12 2015. The commissioner shall reprocess claims in the aggregate, using a single remittance  
3.13 for each provider. This paragraph does not apply to medical supplies and durable medical  
3.14 equipment subject to a volume purchase contract, products subject to the preferred diabetic  
3.15 testing supply program, and items provided to dually eligible recipients when Medicare is  
3.16 the primary payer for the item.

3.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.