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State of Minnesota

Printed Page No. 287

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4480

02/29/2024 Authored by Noor, Fischer, Frederick, Curran and Hicks
The bill was read for the first time and referred to the Committee on Human Services Policy
03/13/2024 Adoption of Report: Placed on the General Register
Read for the Second Time

1.1 A bill for an act
1.2 relating to human services; increasing nursing facility transparency in
1.3 related-organization transactions; repealing duplicative nursing facility rate setting
1.4 legislative report; amending Minnesota Statutes 2022, section 256R.08, subdivision
1.5 1, by adding a subdivision; repealing Minnesota Statutes 2022, section 256R.18.

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

1.7 Section 1. Minnesota Statutes 2022, section 256R.08, subdivision 1, is amended to read:

1.8 Subdivision 1. Reporting of financial statements. (a) No later than February 1 of each
1.9 year, a nursing facility must:

1.10 (1) provide the state agency with a copy of its audited financial statements or its working
1.11 trial balance;

1.12 (2) provide the state agency with a copy of its audited financial statements for each year
1.13 an audit is conducted;

1.14 (2)(3) provide the state agency with a statement of ownership for the facility;

1.15 (3)(4) provide the state agency with separate, audited financial statements or and working
1.16 trial balances for every other facility owned in whole or in part by an individual or entity
1.17 that has an ownership interest in the facility;

1.18 (5) provide the state agency with information regarding whether the licensee or a general
1.19 partner, director, or officer of the licensee has an ownership or controlling interest of five
1.20 percent or more in a related organization that provides any services, facilities, or supplies
1.21 to the nursing facility;

2.1 ~~(4)~~ (6) upon request, provide the state agency with separate, audited financial statements
 2.2 ~~or~~ and working trial balances for every organization with which the facility conducts business
 2.3 and which is owned in whole or in part by an individual or entity which has an ownership
 2.4 interest in the facility;

2.5 ~~(5)~~ (7) provide the state agency with copies of leases, purchase agreements, and other
 2.6 documents related to the lease or purchase of the nursing facility; and

2.7 ~~(6)~~ (8) upon request, provide the state agency with copies of leases, purchase agreements,
 2.8 and other documents related to the acquisition of equipment, goods, and services which are
 2.9 claimed as allowable costs.

2.10 (b) If the licensee or the general partner, director, or officer of the licensee has an interest
 2.11 as described in paragraph (a), clause (5), the licensee must disclose all services, facilities,
 2.12 or supplies provided to the nursing facility; the number of individuals who provide services,
 2.13 facilities, or supplies at the nursing facility; and any other information requested by the state
 2.14 agency.

2.15 ~~(b)~~ (c) Audited financial statements submitted under ~~paragraph~~ paragraphs (a) and (b)
 2.16 must include a balance sheet, income statement, statement of the rate or rates charged to
 2.17 private paying residents, statement of retained earnings, statement of cash flows, notes to
 2.18 the financial statements, audited applicable supplemental information, and the public
 2.19 accountant's report. Public accountants must conduct audits in accordance with chapter
 2.20 326A. The cost of an audit must not be an allowable cost unless the nursing facility submits
 2.21 its audited financial statements in the manner otherwise specified in this subdivision. A
 2.22 nursing facility must permit access by the state agency to the public accountant's audit work
 2.23 papers that support the audited financial statements submitted under ~~paragraph~~ paragraphs
 2.24 (a) and (b).

2.25 ~~(e)~~ (d) Documents or information provided to the state agency pursuant to this subdivision
 2.26 must be public unless prohibited by the Health Insurance Portability and Accountability
 2.27 Act or any other federal or state regulation. Data, notes, and preliminary drafts of reports
 2.28 created, collected, and maintained by the audit offices of government entities, or persons
 2.29 performing audits for government entities, and relating to an audit or investigation are
 2.30 confidential data on individuals or protected nonpublic data until the final report has been
 2.31 published or the audit or investigation is no longer being pursued actively, except that the
 2.32 data must be disclosed as required to comply with section 6.67 or 609.456.

2.33 ~~(d)~~ (e) If the requirements of paragraphs (a) ~~and~~, (b), and (c) are not met, the
 2.34 reimbursement rate may be reduced to 80 percent of the rate in effect on the first day of the

3.1 fourth calendar month after the close of the reporting period and the reduction must continue
3.2 until the requirements are met.

3.3 (f) Licensees must provide the information required in this section to the commissioner
3.4 in a manner prescribed by the commissioner.

3.5 (g) For purposes of this section, "related organization" has the meaning given in section
3.6 256R.02, subdivision 43.

3.7 **EFFECTIVE DATE.** This section is effective August 1, 2024.

3.8 Sec. 2. Minnesota Statutes 2022, section 256R.08, is amended by adding a subdivision to
3.9 read:

3.10 Subd. 5. **Notice of costs associated with leases, rent, and use of land or other real**
3.11 **property by nursing homes.** (a) Nursing homes must annually report to the commissioner,
3.12 in a manner determined by the commissioner, their cost associated with leases, rent, and
3.13 use of land or other real property and any other related information requested by the state
3.14 agency.

3.15 (b) A nursing facility that violates this subdivision is subject to the penalties and
3.16 procedures under section 256R.04, subdivision 7.

3.17 Sec. 3. **REPEALER.**

3.18 Minnesota Statutes 2022, section 256R.18, is repealed.

APPENDIX
Repealed Minnesota Statutes: 24-05196

256R.18 REPORT BY COMMISSIONER OF HUMAN SERVICES.

(a) Beginning January 1, 2019, the commissioner shall provide to the house of representatives and senate committees with jurisdiction over nursing facility payment rates a biennial report on the effectiveness of the reimbursement system in improving quality, restraining costs, and any other features of the system as determined by the commissioner.

(b) This section expires January 1, 2026.