B. Pursuant to subitems (1) through (3), the operating payment rate for each facility paid pursuant to Sections 1.000 through 21.000 is increased by 20 percent multiplied by the ratio of the number of new single-bed rooms created, divided by the number of active beds on July 1, 2005, for each bed closure resulting in the creation of a single-bed room after July 1, 2005.

(1) The Department may implement rate adjustments for up to 3,000 new single-bed rooms each fiscal year.

(2) For eligible bed closures for which the Department receives a notice from a facility during a calendar quarter that a bed has been delicensed and a new single-bed room has been established, the rate adjustment is effective on the first day of the second month following that calendar quarter. For single-bed rooms established after August 1, 2017, the rate adjustment is effective on the first day of the month of January or July, whichever occurs first, following the day on which a bed has been delicensed and a new single-bed room has been established.

(3) A facility is prohibited from discharging residents for purposes of establishing single-bed rooms. A facility must submit documentation to the Department certifying the occupancy status of beds closed to create single-bed rooms.

C. Effective January 1, 2027, the amount of the single-bed incentive calculated under Part B of this section is as follows:

(1) January 1, 2027, through December 31, 2027, the single-bed incentive is 80 percent of the value calculated under Part B of this section;
(2) January 1, 2028, through December 31, 2028, the single-bed incentive is 60 percent of the value calculated under Part B of this section;
(3) January 1, 2029, through December 31, 2029, the single-bed incentive is 40 percent of the value calculated under Part B of this section;
(4) January 1, 2030, through December 31, 2030, the single-bed incentive is 20 percent of the value calculated under Part B of this section;
(5) On and after January 1, 2031, the single-bed incentive calculated under Part B of this section is zero.

SECTION 22.073 **Facility rate changes beginning July 1, 2005.**

A. Medical Assistance provides for an additional annual payment for: 1) State Fiscal Year 2006 (July 1, 2005 through June 30, 2006), which includes a Department payment made for that state fiscal year and distributed by a sponsoring institution prior to October 1, 2006; and 2) State Fiscal Year 2007 (July 1, 2006 through June 30, 2007), which includes a Department payment made for that state fiscal year and distributed by a sponsoring institution prior to October 1, 2007, to Medical Assistance-enrolled teaching nursing facilities. The Medical Assistance payment is increased according to the sum of items A through C:

(1) (Total amount available for this purpose in the Minnesota Medical Education and Research Trust Fund, minus $4,850,000, divided by the state matching rate), multiplied by .9, multiplied by .67, multiplied by [(the number of full-time equivalent trainees at the facility multiplied by the average cost per trainee for all sites) divided by (the total training costs across all sites)], for each type of graduate trainee at the clinical site.

(2) (Total amount available for this purpose in the Minnesota Medical Education and Research Trust Fund, minus $4,850,000, divided by the state matching rate), multiplied by .9, multiplied by .33, multiplied by the ratio of the facility's public program revenue to the public program revenue for all teaching sites.

(3) (A portion of the total amount available for this purpose in the Minnesota Medical Education and Research Trust Fund minus $4,850,000), divided by the state matching rate, multiplied by .10, multiplied by the provider's sponsoring institution's ratio of the amounts in subitems (1) and (2) to the total dollars available under subitems (1) and (2), in the amount the sponsoring institution determines is necessary to offset clinical costs at the facility.

In accordance with Code of Federal Regulations, title 42, section 447.253(b)(2), this payment will not exceed the Medicare upper limit payment and charge limits as specified in Code of Federal Regulations, title 4, section 447.272.

B. Pursuant to subitems (1) through (3), the operating payment rate for each facility paid pursuant to Sections 1.000 through 21.000 is increased by 20 percent multiplied by the ratio of the number of new single-bed rooms created, divided by the number of active beds on July 1, 2005, for each bed closure resulting in the creation of a single-bed room after July 1, 2005.

(4) The Department may implement rate adjustments for up to 3,000 new single-bed rooms each fiscal year.

(5) For eligible bed closures for which the Department receives a notice from a facility during a calendar quarter that a bed has been delicensed and a new single-bed room has been established, the rate adjustment is effective on the first day of the second month following that calendar quarter. For single-bed rooms established after August 1, 2017, the rate adjustment is effective on the first day of the month of January or July, whichever occurs first, following the day on which a bed has been delicensed and a new single-bed room has been established.

(6) A facility is prohibited from discharging residents for purposes of establishing single-bed rooms. A facility must submit documentation to the Department certifying the occupancy status of beds closed to create single-bed rooms.

C. Effective January 1, 2027, the amount of the single-bed incentive payments paid under Part B of this section is as follows:

(1) January 1, 2027, through December 31, 2027, the single-bed incentive is 80 percent of the value calculated under Part B of this section;
(2) January 1, 2028, through December 31, 2028, the single-bed incentive is 60 percent of the value calculated under Part B of this section;
(3) January 1, 2029, through December 31, 2029, the single-bed incentive is 40 percent of the value calculated under Part B of this section;
(4) January 1, 2030, through December 31, 2030, the single-bed incentive is 20 percent of the value calculated under Part B of this section;
(5) On and after January 1, 2031, the single-bed incentive calculated under Part B of this section is zero.

SECTION 20.100 **Bed layaway and delicensure.**

A. For rate years beginning on or after July 1, 2000, a nursing facility reimbursed under Sections 1.000 through 21.000 that places beds on layaway will, for purposes of application of the downsizing incentive in Section 16.040, item G, and calculation of the rental per diem, have the beds given the same effect as if the beds had been delicensed so long as they remain on layaway. Through December 31, 2026, at the time of a layaway, a facility may change its single bed election for use in calculating capacity days under Section 16.110. The property payment rate increase is effective the first day of January or July, whichever occurs first, following the date on which the layaway of the beds becomes effective under state law.

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B. For rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary in Section 22.000, a nursing facility reimbursed under Section 22.000 that places beds on layaway is, for so long as the beds remain on layaway, allowed to:

(1) Aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system in Section 22.000;

(2) Retain or change the facility's single bed election for use in calculating capacity days under Section 16.110; and

(3) Establish capacity days based on the number of beds immediately prior to the layaway and the number of beds after the layaway.

C. The Department will increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the layaway of beds and subitems (1), (2), and (3). If a facility reimbursed under Section 22.000 completes a moratorium exception project after its base year, the base year property rate is the moratorium project property rate. The base year rate is inflated by the factors in Section 22.060, items C through F. The property payment rate increase is effective the first day of the month following the month in which the layaway of the beds becomes effective.

D. If a nursing facility removes a bed from layaway status in accordance with state law, the Department will establish capacity days based on the number of licensed and certified beds in the facility not on layaway and will reduce the nursing facility's property payment rate in accordance with item B.

E. For the rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under Section 22.000, a nursing facility reimbursed under that section, with delicensed beds after July 1, 2000, by giving notice of the delicensure to the Department of Health according to the notice requirements in state law, is allowed to:

(1) Aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) Retain or change the facility's single bed election for use in calculating capacity days under Section 16.110; and

(3) Establish capacity days based on the number of beds immediately prior to the delicensure and the number of beds after the delicensure.

The Department will increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the delicensure of beds and subitems (1), (2), and (3). If a facility reimbursed under Section 22.000 completes a moratorium exception project after its base year, the base year property rate is the moratorium project property rate. The base year rate is inflated by the factors in Section 22.060, items C through F. The property payment rate increase is effective the first day of the month following the month in which the delicensure of the beds becomes effective.

F. For nursing facilities reimbursed pursuant to Sections 1.000 to 21.000 or Section 22.000, any beds placed on layaway are not included in calculating facility occupancy as it pertains to leave days.

G. For nursing facilities reimbursed pursuant to Sections 1.000 to 21.000 or Section 22.000, the rental rate calculated after placing beds on layaway may not be less than the rental rate prior to placing beds on layaway.

H. A nursing facility receiving a rate adjustment as a result of this section must not increase nursing facility rates for private pay residents until it notifies the residents, or the persons responsible for payment of the increase, in writing 30 days before the increase takes effect. No notice is required if a rate increase reflects a necessary change in a resident’s level of care.

I. A facility that does not utilize the space made available as a result of bed layaway or delicensure under this section to reduce the number of beds per room or provide more common space for nursing facility uses or perform other activities related to the operation of the nursing facility shall have its property rate increase calculated under this section reduced by the ratio of the square footage made available that is not used for these purposes to the total square footage made available as a result of bed layaway or delicensure.

J. Effective July 1, 2013, the minimum time a nursing facility must keep a bed in layaway is shortened from one year to six months; and the minimum time that a facility must wait to put a bed in layaway after having removed a bed from layaway is shortened from one year to six months.

K. The Department will not adjust the property payment rates under this section, for beds placed in or removed from layaway, on or after January 1, 2027.

Section 23.133.~~Nursing facilities in border cities. Effective for the rate year beginning January 1, 2016, and annually thereafter, operating payment rates of a non-profit nursing facility that exists on January 1, 2015, is located anywhere within the boundaries of the city of Breckenridge, and is reimbursed under this section, shall be adjusted to be equal to the median RUG's rates, including comparable rate components as determined by the Commissioner, for the equivalent RUG's weight of the nonprofit nursing facility or facilities located in an adjacent city in another state and in cities contiguous to the adjacent city. The Minnesota facility's operating payment rate with a weight of 1.0 shall be computed by dividing the adjacent city's nursing facilities median operating payment rate with a weight of 1.02 by 1.02. If the adjustments under this subdivision result in a rate that exceeds the limits in section 23.120 in a given rate year, the facility's rate shall not be subject to those limits for that rate year. This section shall apply only if it results in a higher operating payment rate than would otherwise be determined under this section.~~

~~Effective for the rate year beginning on or after January 1, 2021, each eligible nonprofit facility located within the boundaries of the city of Breckenridge or Moorhead will receive a rate add-on to their external fixed rate if they apply via the application process and by the statutory deadline. The add-on to the external fixed costs payment rate is the difference on January 1 of the median total payment rate for case mix classification PA1 of the nonprofit facilities located in an adjacent city in another state and in cities contiguous to the adjacent city minus the eligible nursing facility's total payment rate for case mix classification PA1.~~

The operating payment rates of non-profit nursing facilities that existed on January 1, 2015, and are in Minnesota within the boundaries of the city of Breckenridge or Moorhead will receive a rate add-on to their external fixed costs payment rate if they apply via the application process and by the statutory deadline. The add-on to the external fixed costs payment rate is the difference on January 1 of the median total payment rate for the lowest case mix classification of the nonprofit facilities located in an adjacent city in another state and in cities contiguous to the adjacent city, minus the eligible nursing facility's total payment rate for the lowest case mix classification. If the adjustments under this subdivision result in a rate that exceeds the limits in section 23.120 in a given rate year, the facility's rate shall not be subject to those limits for that rate year. This section shall apply only if it results in a higher operating payment rate than would otherwise be determined.

per hour. The applications must be submitted within three months of the effective date of any operating payment rate adjustment under this section. Within three weeks of receiving a complete application, the commissioner will request any additional information needed to determine the rate adjustment. The nursing facility must provide any additional information requested by the commissioner within six months of the effective date of any operating payment rate adjustment under this section. The commissioner may waive the deadlines in this section under extraordinary circumstances.

(b) For nursing facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the applications described in paragraph (d) only upon receipt of a letter, or letters, of acceptance of the spending plans in regard to members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 31, 2014. Upon receipt of the letter, or letters, of acceptance, the commissioner shall deem all requirements of this section as having been met in regard to the members of the bargaining unit.

Section 23.213 **Property rate adjustment**

(a) Effective January 1, 2026, a 225-bed facility in Ramsey County will receive a property-rate increase of $10.65 per day.
(b) Effective January 1, 2026, an 88-bed facility in St. Louis County will receive a property-rate increase of $20.81 per day.
(c) Effective January 1, 2026, a 78-bed facility in Fillmore County will receive a property-rate increase of $21.35 per day.

Section 23.214 **Nursing Home Employment Standards rate adjustment**

Effective January 1, 2026, through December 31, 202~~7~~8, nursing facilities with an approved rate adjustment application will receive an external fixed rate adjustment to pay for the costs of meeting those standards. The adjustment is equal to the total of 1) the annualized compensated hours of nursing home workers with an hourly wage less than the new minimum wage standard, multiplied by the difference between the current wage and the new mandated wage, plus 2) the associated increases in payroll taxes and benefits, divided by the total resident days from the most recently available cost report. The adjustment remains in effect for two years from the initial determination and is facility specific based on approved costs.