

September, 1985

STATE OF MINNESOTA DEPARTMENT OF HUMAN SERVICES

In the Matter of the Proposed Amendments
to the Department of Human Services' Rule
Governing Reimbursement for Cost of Care
of Patients of a State Hospital (Minnesota
Rules, Parts 9515.1000 to 9515.2600)

STATEMENT OF NEED
AND REASONABLENESS

The Commissioner of Human Services believes that the proposed amendments to Minnesota Rules, parts 9515.1000 to 9515.2600 are noncontroversial in nature and therefore appropriate for promulgation pursuant to Minnesota Statutes, sections 14.22 to 14.28. All proposed amendments reflect 1984 amendments to Minnesota Statutes, sections 246.50 to 246.55, are procedural in nature or would result in minor substantive change.

Amendments to Minnesota Rules, part 9515.1200, subparts 7 and 17 would require dividends and interest to be characterized as personal property. At present, dividends and interest are viewed as income, the receipt of which must be reported and which necessitates repetitive redeterminations of liability. These amendments would bring the rule into conformity with Medical Assistance Program policy and would eliminate the need for repetitive redeterminations by allowing a patient to report dividends and interest as personal property only when and if a redetermination of liability is required for other reasons.

The proposed amendments to Minnesota Rules, parts 9515.1200, subpart 8 and 9515.2500, subpart 2 would remove some existing limitations on the exclusion of a patient's homestead as an asset which may be considered in making determinations of liability for cost of care. Presently, a homestead is defined as a dwelling place consisting of an area no greater than two contiguous lots in a platted city or town or the smallest parcel allowed under applicable zoning regulations in unplatted land and is excluded from consideration as an available resource if the patient remains hospitalized for less than 18 months, if the spouse or a minor child resides in the homestead, or if it is rented while the patient is hospitalized. These amendments makes the rule consistent with the homestead exemption provided by Minnesota Statutes, section 510.02.

The repeal of Minnesota Rules, parts 9515.1200, subpart 9 and 9515.2300, subpart 1 would eliminate all references to in-kind income. Under the present regulatory scheme, in-kind income is defined as the value of resources other than money received by a patient in excess of \$100 and is to be included in calculating a patient's income. While it is within the discretion of the agency to include the value of such resources in making determinations concerning ability to pay, repeal of these subparts would result in a more accurate reflection of resources actually available to patients, upon which satisfaction of claims for cost of care ultimately depends.

The proposed amendments to Minnesota Rules, parts 9515.1200, subpart 21 and 9515.2600, subpart 4, would eliminate children of mentally ill or chemically

dependent patients as classes upon which liability for cost of state hospital care may be imposed. These amendments are mandated by Minnesota Statutes, section 246.50, subdivision 6 as amended by 1984 Minnesota Laws, Chapter 534, Section 12.

The proposed amendments to Minnesota Rules, part 9515.1300 would clarify that determinations and redeterminations concerning liability for cost of care may be made with respect to both patients and, where applicable, responsible relatives. This confirms existing practice and is consistent with the agency's statutory authority contained in Minnesota Statutes, section 246.51, subdivision 1.

The amendments to Minnesota Rules, parts 9515.1400 and 9515.2600, subpart 2 would simplify or eliminate the present requirement of personal interviews of patients or responsible relatives in some circumstances. The amendments provide for a modified method of documenting the medical inadvisability of personally interviewing the patient so as to reflect actual practices in state hospitals. Additionally, the amendments provide that the agency merely contact rather than interview responsible relatives for the purpose of gathering financial information. Such contacts, whether by mail or telephone, have been shown to be effective in gathering the rather limited information required of responsible relatives and to be less burdensome for all concerned parties.

The proposed amendments to Minnesota Rules, parts 9515.1600 and 9515.1700 vest certain duties concerning verification of resources with the agency in general rather than with specific personnel and provide that such verification process applies to patients and responsible relatives. These proposed amendments reflect personnel changes which have occurred within the agency and clarify its general statutory authority concerning determination and verification of financial resources.

The proposed amendments to Minnesota Rules, part 9515.2200, subpart 3 would eliminate the requirement that determinations concerning ability to pay be expressed in terms of a daily rate. These amendments would conform to the provisions of Minnesota Statutes, section 246.52, which require determination orders to be issued to patients and relatives requiring monthly payments and would result in considerable administrative convenience in those situations in which a former patient has been determined able to make reimbursement of a liquidated sum based upon his or her monthly income. This proposal would result in no substantive change of a patient's or responsible relative's ultimate liability.

The proposed amendments to Minnesota Rules, part 9515.2300, subpart 2 would change the treatment of lump sums in some circumstances. Presently, lump sums are treated as income in the month received and thereafter as property. This has resulted in a number of situations in which a patient has received a retroactive award of monetary benefits from the federal government which is properly attributable to specific periods of time but which, under the present regulatory mechanisms, is viewed as property subject to the exclusion provided by Minnesota Rules, part 9515.2500, subpart 3.A. These amendments would cause such retroactive awards to be treated as income during the

months for which they were so designated and thereby eliminate differential treatment between those patients receiving benefits on a continuous periodic basis and those determined eligible for retroactive awards spanning periods of months or years.

The proposed amendments to Minnesota Rules, part 9515.2300, subpart 3.K. would change the special personal allowance drawn solely from earnings from any productive employment under an individual plan of rehabilitation or work therapy from \$50 per month to 50 percent of net monthly income. These amendments would, in most cases, result in a somewhat larger exclusion of those resources which may be considered available to pay cost of state hospital care. These amendments are being proposed with the view of reconciling the potentially conflicting interests of obtaining reimbursement for cost of such care and of encouraging such rehabilitation or work therapy as a therapeutic device.

The proposed amendments to Minnesota Rules, part 9515.2400 would require that household living allowances determined in accordance with this part be reduced by the gross monthly income of patients' spouses. This would eliminate differential treatment between patients whose spouses are employed and those whose spouses are not employed outside the home and more accurately reflect the extent of resources available to maintain a household. Also, these amendments would clarify that former patients, whose liability is subject to redetermination, are also entitled to such allowances. Further, these amendments, along with those to Minnesota Rules, part 9515.2300, subpart 4.M., would provide for the deduction from gross income of actual costs of housing and a monthly household living allowance in situations involving outpatients and former patients. These amendments are being proposed in recognition of the fact that such expenses must be incurred in order to meet the basic necessities of food, clothing, shelter, and medical care.

The amendments to Minnesota Rules, part 9515.2600, subpart 5.G. incorporate by reference limitations on liability of parents for cost of care provided to minor children mandated by Minnesota Statutes, sections 246.511 and 252.27, subdivisions 1 and 2, as amended by 1984 Minnesota Laws, Chapter 530, Sections 1, 2, and 3.

Finally, an amendment to Minnesota Rules, part 9515.1200, subpart 8 eliminates the last reference to gender in the rule, thereby making it sex-neutral.

State of Minnesota



LEONARD W. LEVINE

Commissioner of Human Services

FISCAL NOTE

Change in Costs*

Source of Funding	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
State costs	none	none
Local costs	none	none
Less amount agency can absorb within existing funding	<u>none</u>	<u>none</u>
TOTAL:	none	none

If any portion is absorbed, indicate activity(s) affected: N/A

Change in Income*

Increase/(Decrease) To/From which fund: N/A	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
	<u>none</u>	<u>none</u>

Additional Personnel Required; Type; Estimated Annual Cost: N/A

Purpose of Amendments to Rule: See Statement of Need and Reasonableness for Minnesota Rules, Parts 9515.1000-.2600.

Criteria for Evaluation of Program: Implementation of uniform standards governing determinations of liability for cost of state hospital care.

Statutory Provisions Affected: Minn. Stat. §§ 246.50-246.55.

Long Range Financial and Program Implications: None

DEPARTMENT OF HUMAN SERVICES

Date:

by:

Controller

Date:

7/17/85

by:

Deputy Commissioner

Assistant

* See attached methodology

ANTICIPATED FISCAL IMPACT OF PROPOSED AMENDMENTS TO MINNESOTA RULES,
PARTS 9515.1000-9515.2600

The Reimbursement Division has concluded that the proposed amendments with which this fiscal note is concerned will have no fiscal impact upon state or local costs or revenue. These conclusions resulted from an analysis of the anticipated impact of these amendments in the context of the Reimbursement Division's experience in the administration of this rule in its present form. Such experience has shown that none of the proposed amendments will significantly expand or contract the classes of persons upon whom liability for cost of state hospital care may be imposed nor result in any appreciable change in the nature or extent of resources which may be considered available to defray cost of such care. The primary thrust of the proposed amendments is to make minor procedural changes in the manner in which determinations of liability for state hospital care are made rather than to effect fundamental alterations in the amounts of such determinations. Another goal of the amendments is to make the regulatory mechanism under which the Reimbursement Division functions a more realistic reflection of state hospital patients' financial circumstances, again in view of the experience in the administration of this rule. To the extent that the proposed amendments may be characterized as substantive in nature, they will at most result in inappreciable increases or decreases in revenue without requiring any changes in expenditures.

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Additional Personnel Required; Type; Estimated Annual Cost: N/A

Purpose of Amendments to Rule: See Statement of Need and Reasonableness for Minnesota Rules, Parts 9515.1000-.2600.

Criteria for Evaluation of Program: Implementation of uniform standards governing determinations of liability for cost of state hospital care.

Statutory Provisions Affected: Minn. Stat. §§ 246.50-246.55.

Long Range Financial and Program Implications: None

DEPARTMENT OF HUMAN SERVICES

Date:

7/17/85

by:

L. M. Schorn
Controller

Date:

by:

Deputy Commissioner

* See attached methodology

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