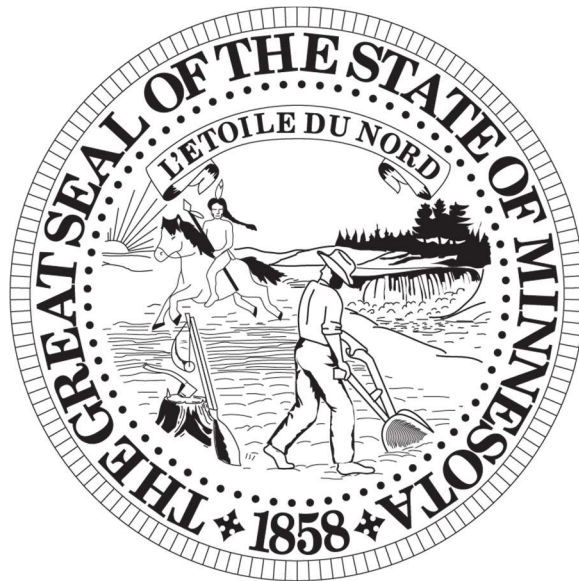


**NURSING FACILITY
WORKFORCE INCENTIVE
PAYMENT PROGRAM
REQUEST FOR APPLICATIONS**



Nursing Facility Workforce Incentive Grant Program

The 2023 legislature established the Nursing Facility Workforce Incentive Grant Program to assist nursing facilities with recruiting and retaining eligible workers. Nursing facilities means a facility with a medical assistance provider agreement that is licensed as a nursing home or boarding care home per <https://www.revisor.mn.gov/statutes/cite/256R.02> Subd. 33. Eligible worker means a worker who earns \$30 per hour or less and is currently employed or recruited to be employed by the nursing home.

Allowable Uses of the Incentive Program Funds

Grant money may be used to provide payments to eligible workers for the following purposes:

- 1) Retention, recruitment, and incentive payments;
- 2) Employee-owned benefits, such as health savings accounts, HRSA, and flexible spending accounts;
- 3) Employee contributions to a 401k account;
*Note – including employee contributions to a 403b account.
- 4) Education, professional development, and financial counseling;
- 5) Child care, meals, transportation, and housing;
- 6) Health and wellness; and
- 7) Other flexible needs related to workforce challenges as determined by the commissioner.

Total Funding Available

The total funding the legislature has provided for the nursing facility workforce incentive program is \$74,500,000. Eligible workers may receive up to \$3,000 per year from this workforce incentive program. Eligible nursing facilities may submit an application to DHS for the funding and must make the payment to eligible workers between October 1, 2023, and September 30, 2024. If there are funds still available for a second round of applications, another application for nursing facilities will be available in August 2024.

Distribution Plan (Application) Requirements

The legislation requires each nursing facility prepare an incentive payment distribution plan and submit to DHS. The plan must specify the amount of money the facility expects to receive and how that money will be distributed for the workforce incentives for eligible employees. The distribution plan will be in the form of an application prepared by DHS and is available at the following link:

<https://nfportal.dhs.state.mn.us/PortalLogin> The nursing facility must post the distribution plan within 60 days of receiving funds and leave the plan posted for a period of at least six months in an area of the nursing facility operation to which all direct support professionals have access. While the application requests detail specific to each employee, the plan for posting in the facility may be in summary form developed from the application the facility submits to DHS. The posted plan should reflect the actual amount of money the facility received.

Employees must be notified if they are an eligible worker for this incentive payment, they may only receive a maximum of \$3000 per year from all sources of state money intended as workforce incentive payments. If an employee is also employed by an eligible employer as defined in

<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/61/> Section 10, Subdivision 2, they are only eligible for a maximum of \$3000 per year in total from one or more eligible employers. This provision of the law should be clearly stated in the facility's posted distribution plan.

Attestation and Agreement of Terms

As a condition of obtaining the workforce incentive funds, the nursing facility must attest and agree to certain terms. The terms will be presented in an APS contract amendment, provided to the nursing facility for review and signature following DHS approval of the facility's application. Once the APS contract amendment has been signed and returned to DHS, the funds will be distributed to the nursing facility via the next available pay run through MMIS as a gross adjustment. The APS contract amendment terms will include the following:

- 1) The employer is an eligible employer, which means the nursing facility is a nursing home license holder under MDH statute and is a Medicaid enrolled nursing facility.
- 2) The facility attests the total number of eligible employees contained in the application is representative of all current eligible employees and reasonably expected vacant positions to be filled with eligible employees during the period October 1, 2023 and September 30, 2024.
- 3) The employer will distribute the entire value of the workforce incentive payment funds to eligible workers during the period October 1, 2023 and September 30, 2024.
- 4) The employer will create and maintain records of the value of payments made to eligible workers or other allowable uses of the funds attributable to an eligible worker.
- 5) The employer will not use the money provided under the workforce incentive payment fund for any other purpose other than authorized under this statute and noted above.

Applicable Credit

The authorizing legislation for the workforce incentive program:

<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/74/> Subdivision 10,

makes it clear that payments made to nursing facilities under this program must be treated as an applicable credit as defined under <https://www.revisor.mn.gov/statutes/cite/256R.10>, Subdivision 6.

As noted above, payments received by the nursing facility under this program must be paid to eligible employees between the period October 1, 2023, and September 30, 2024. This means, the facility must maintain records of the payments made to eligible workers and adjust the value of those payments from the applicable cost report line when filing the annual cost report for period ending September 30, 2024.

Audits and Recoupment

Subdivision 5 of the authorizing legislation also requires nursing facilities receiving funds under this program submit a report to DHS within 12 months of receiving the funds. As noted above, the audit of the payments to eligible employees will occur during the desk audits of the September 30, 2024, cost reports. To meet this reporting requirement, DHS will issue a schedule to be used for this reporting requirement at a future date. This schedule will include the cost report lines on which the expense will be reported on the September 30, 2024, cost report. This schedule will be reconciled with the facility's cost report when it is

filed in February 2025. However, to meet the 12-month reporting deadline contained in statute, DHS will need to separately collect this schedule prior to other supplemental schedules normally filed with the facility's cost report in February 2025.

The audit is to ensure that the nursing facility used the funds solely for purposes allowed under this law and the nursing facility was truthful when signing off on the attestations contained in the APS contract amendment. If a determination is made that the funds were used for purposes not authorized under this law, DHS will treat any amount used for unauthorized purposes as an overpayment and the funds will be recovered. <https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/74/> Subdivision 6.

Income Tax Treatment

The authorizing legislation for the nursing home workforce incentive payment program contains two additional subdivisions addressing how the payments to employees are to be treated for income tax purposes. See <https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/74/> Subdivisions 7 and 8. It is important nursing facilities receiving these funds review the statute to determine the payments are properly reported for tax purposes in accordance with these two subdivisions. DHS Nursing Facility Rates and Policy Division is not able to advise on proper income tax treatment. It is recommended facility's seek direction as needed from a tax professional.

Fill out the Workforce Incentive Payment Program Application Form

- Fill out the application form in its entirety. In order to ensure a timely and expedited approval and receipt of the funds, be sure to submit a complete application.
- Applications must be submitted electronically using the Excel Application Form.
- Visit the provided link to access and download the application form.
<https://nfportal.dhs.state.mn.us/>

The completed application form must be submitted to DHS as an email attachment by midnight on September 8, 2023. The email address for submission is DHS.NFRP.CostReport@state.mn.us.

Late applications cannot be accepted. DHS will compile the total amount requested from all responding applicants to ensure approved plans do not exceed the total funds authorized for this program.

DHS does not anticipate total funds requested will exceed the authorized amount. In the event it does, communication to all applicants will be issued including the remedy for ensuring an equitable distribution to all applicants within the funds authorized.

Implementation Schedule:

September 8, 2023 - Applications Due

September 11 - 29, 2023 - DHS Review of Applications and Issuance of APS Contract Amendments

October 2023 - Workforce Incentive Funds Distributed to Nursing Facilities upon Receipt of a Signed APS Contract

For Nursing Facility Workforce Incentive Payment questions, please contact David Hill via email at david.c.hill@state.mn.us or by phone at (651) 775-3445.