



Legislative Report

Medicaid-Reimbursable Recuperative Care

Benefits to Support People Without Homes in Need of Short-Term Recuperative Care

Prepared by the Department of Human
Services, Health Care Administration

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Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is \$1,500.

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I. Executive Summary

During the 2023 legislative session, language was passed directing implementation of a new recuperative care benefit. Recuperative care, (also known as medical respite) is an effective strategy to help people experiencing homelessness by providing medical care that prevents either admission or readmission to higher levels of care.

Due to programming delays, this report on coverage of recuperative care services will be an update on program development, implementation, and program components DHS put in place to help bolster program integrity in delivering recuperative care. As of April 2025, there are 33 recuperative care providers, with approximately 150 pending applications.

DHS has developed a model, in collaboration with partners and based on current law, that will meet the goals of the recuperative care standards put forth by the National Institute for Medical Respite Care while being mindful of the operational components needed for Minnesota's Medicaid program. This benefit will assist the needs of Minnesotans in need of medical care while they are experiencing homelessness.

While working on the framework of the program, DHS hosted an open meeting to discuss the implementation and answer questions for over 600 interested new potential providers. This was a good tool to understand the program components needed to ensure the program was successful and that quality was maintained.

Components of the program are based on recommendations of the research and the recuperative care statute guidance.

1. Technical assistance for new providers will be offered through the DHS Medicaid program to assist recuperative care programs with navigating the Medicaid system of care, including provider enrollment, credentialing, billing, and complying with Minnesota and federal requirements for Medicaid providers.
2. Care coordination will be part of the program to ensure that people receiving services have access to appropriate medical, behavioral health, and social services. While they are convalescing and connecting them with resources to support them in gaining stable housing once they are well enough to be discharged from recuperative care.
3. A daily bundled payment method for medical services of \$300.00 per day was established to simplify billing and administrative requirements and comprehensively support recuperative care programs.
4. The room and board rate (facility rate) is approximately \$30.00 per day. Room and board is only paid directly by DHS for all members enrolled with Medical Assistance (MA).

¹ See "[Medical Respite Literature Review: An Update on the Evidence for Medical Respite Care](#)", National Institute for Medical Respite Care, March 2021

II. Legislation

256B.0701 RECUPERATIVE CARE SERVICES.

Subd. 8. **Report.**

(a) The commissioner must submit an initial report on coverage of recuperative care services to the chairs and ranking minority members of the legislative committees having jurisdiction over health and human services finance and policy by February 1, 2025, and a final report by February 1, 2027. The reports must include but are not limited to:

- (1) a list of the recuperative care services in Minnesota and the number of recipients;
 - (2) the estimated return on investment, including health care savings due to reduced hospitalizations;
 - (3) follow-up information, if available, on whether recipients' hospital visits decreased since recuperative care services were provided compared to before the services were provided; and
 - (4) any other information that can be used to determine the effectiveness of the program and its funding, including recommendations for improvements to the program.
- (b) This subdivision expires upon submission of the final report.

III. Introduction

The Minnesota Legislature directed the Minnesota Department of Human Services (DHS) to implement a Medicaid- reimbursable Recuperative Care service designed to serve individuals with chronic conditions who lack a permanent place of residence at the time of discharge from a hospital or emergency department. Recuperative Care, also known as Medical Respite, is an effective evidence-supported way to keep people experiencing homelessness out of hospitals as a step-up level of care and to provide a safe space for recovery and healing.

IV. Program Implementation

State Medicaid programs and overall approaches to supporting recuperative care benefits were researched from sources including:

- [National Institute for Medical Respite Care](#) (NIMRC)
- Federal Medicaid program records for Medicaid [state plan](#)² authorization for recuperative care benefits and related services
- Other states' reports and information related to their recuperative care benefits
- Additional resources from managed care plans and other organizations involved with supporting or studying Medicaid recuperative care approaches.

NIMRC resources proved especially useful, and DHS continued to meet with NIMRC and the Director of Programs and Services as the program was developed. DHS submitted a state plan amendment to the Centers for Medicare and Medicaid Services (CMS) on March 28th 2024 and received approval on November 7th 2024 with an effective date on January 1st, 2024. Due to unanticipated system changes, the implementation for recuperative care was delayed to early 2025.

Since the benefit implementation was delayed, DHS does not yet have comprehensive data responsive to the legislative report requirement. The information in this section provides an implementation overview, while the subsequent report required in February 2027 would include additional information that becomes available following implementation.

Managed Care Engagement

Managed Care Organizations (MCOs) have been engaged in program implementation, as it allows them to deliver better care to members. Recuperative care can help avoid higher costs in the form of unnecessary hospitalizations or more intensive medical care. Room and board (facility claim) is paid directly by DHS for members enrolled in managed care. Monthly recuperative care provider claims from the MCOs will be audited to ensure a correlating facility claim was only paid when a health care claim was paid on the same day.

Program Compliance

While clinical services will be provided by licensed personnel, recuperative care facility providers have less stringent requirements. While developing the program, we were focused on balancing provider and facility requirements, to ensure that members are receiving quality care, in a safe environment.

Recuperative care consists of two distinct parts. First is the need for medical services such as medication support, wound care, or other basic health care services. For a member to be eligible for recuperative care, they must meet medical necessity criteria for this medical service. The second component of the service is the room and board, which is only available for members who meet the medical necessity criteria for the medical services.

Based on feedback from community partners and providers, these two components can be delivered either by one organization, or by two separate organizations. To ensure members clinical needs are met and to ensure program compliance, the following policies were put in place.

Facility Medical Directors

Understanding that the recuperative facility providers could potentially be new providers, that can choose to offer services at the facility versus partnering with a home care or public health agency, recuperative care services will require a Medical Director that is an advanced practice provider. This provider will ensure that appropriate policies and procedures are in place, and that clinical staff have an appropriate oversight and expert consultation. The Medical Director will also be responsible to ensure members being served by the recuperative care are meeting the medical necessity criteria and that care is being delivered in accordance with the treatment plan.

Prior authorization after 21 days

To ensure program integrity, a prior authorization for recuperative care will be required after the first 21 days of service, to maintain a stay beyond the initial 21 days. This requirement is in place to ensure the member meets medical necessity criteria after the initial three weeks of stay.

60 day extended stay limit

Recuperative care stays are anticipated to last 60 days or less. However, in the event of a needed extended stay, a facility would need to resubmit an extended stay request. For an extended stay to be approved, members would need to meet the clinical criteria throughout the complete length of stay.

Below is the complete program policy for recuperative care, which is available to providers through the Minnesota Health Care Programs (MHCP) provider manual:

Program Policy

Recuperative care services are available to eligible MHCP members experiencing homelessness to help prevent hospitalizations, or to provide medical care and support services when they are unable to recover from a physical illness when living in a shelter or they are otherwise unhoused. MHCP members receive recuperative care services when they don't need to be hospitalized or remain hospitalized, or don't meet severity of illness for other levels of care. An MHCP member must have a referral for recuperative care services from a hospital or clinic.

Eligible Providers – Facility

Eligible recuperative care facilities must enroll as a recuperative care provider with MHCP. Refer to the [Recuperative Care Enrollment Criteria and Forms](#) section under Provider Basics in the MHCP Provider Manual for complete enrollment information. Each setting needs to be enrolled as a recuperative care facility.

Recuperative Care Facility Services Requirements

Recuperative care may be provided in any setting, including, but not limited to, homeless shelters, congregate care settings, single-room occupancy settings, or supportive housing, if the recuperative care or housing provider can provide the following to the MHCP member within the designated setting:

- 24-hour access to a bathroom with a shower, sink and toilet. The bathroom may be shared.
- 24-hour access to a bed.
- We recommend one member per room.
- We do not recommend room sharing because of privacy, security, and infection control purposes.
- Access to three meals per day that are based on the member's needs (included in per diem).
- Availability to environmental services (cleaning sanitation services).
- Access to a telephone.
- Secure place to store the MHCP member's belongings.
- Staff available on site at the facility to provide an in-person wellness check as needed, or at the minimum of once every 24 hours.
- We require that one staff member is available at the facility at all times (24 hours a day).
- The member needs to be checked on (for example, visited in-person) at least once every 24 hours.
- The staff available to conduct the wellness check must be listed on the [Recuperative Care Provider Assurance Statement \(DHS-8486\) \(PDF\)](#).
- Providers do not get reimbursed for the wellness check because this is included in room and board.

Eligible Providers – Health Services

Supervising Recuperative Care Health Services

Recuperative care health services must be supervised by an advanced practice provider that is enrolled with MHCP. The following providers may supervise recuperative care health services:

- Advanced practice registered nurse (nurse practitioner and clinical nurse specialist)
- Physician (MD, DO)
- Physician Assistant

Providing Recuperative Care Health Services

The following professional health care providers may provide recuperative care health services at a facility that meets the [recuperative care facility requirements](#):

- Registered nurse (RN)
- Licensed practical nurse (LPN)
- Social worker (SW)
- Case manager (RN or SW)
- Mental health counselor
- Community health worker
- Community health workers must enroll as individual providers with MHCP. Refer to the [Recuperative Care Enrollment Criteria and Forms](#) section under Provider Basics in the MHCP Provider manual for complete enrollment information.
- Community health worker as defined under section [Minnesota Statutes, 256B.0625](#), subdivision 49.

Or

- If the recuperative care facility partners with a licensed, MHCP-enrolled health services group provider, the health services should be provided by the group of caregivers listed on the [Recuperative Care Provider Assurance Statement \(DHS-8486\) \(PDF\)](#).
- These providers may be from a home care or public health services group that the recuperative care facility is partnering with to provide the health services. The affiliated health services group provider will have an established medical director.
- RNs, LPNs, social workers, and case managers do not need to enroll with MHCP to provide recuperative care services.

Eligible Members

To be eligible for recuperative care services, an MHCP member must meet all the following criteria:

- 21 years or older, if they have Medical Assistance, or 19 years or older if they have MinnesotaCare.
- Experiencing homelessness or are unhoused.
- In need of short-term medical care for fewer than 60 days.
- In need of assistance with the following covered services.

Covered Services

Facilities and providers must ensure they are providing services only within their scope of practice. MHCP covers the following recuperative care services:

- Basic nursing care including monitoring physical health and pain level
- Wound care
- Medication support
- Patient education
- Immunization review and update
- Clinical goals development for the recuperative care period and discharge plan
- Care coordination including initial assessment of medical, behavioral, and social needs
- Care plan development
- Support and referral assistance for legal, housing, transportation, case management, and community social services
- Support and referral assistance for health care benefits, health, and other eligible benefits
- Care plan implementation follow-up and monitoring
- Medical, social, and behavioral (counseling and peer support) services that can be provided in the recuperative care setting
- Community health worker services (Minnesota Statutes, 256B.0625, 43.25 subdivision 49. 43.26)

Note: The member must receive care for the physical medical condition needing recuperative care services, otherwise we will deny the daily room and board claim. Recuperative care is focused on the member's physical medical condition and the recuperative facility cannot be centered on one covered service (for example, mental health only).

Noncovered Services

- The member's behavioral health needs are greater than what the provider within the setting can manage.
- The member is not independent with activities of daily living. For example, the member would not be covered for recuperative care services if they are unable to stand or independently use the bathroom.

Authorization

Recuperative Care Extended Stay

Providers may request an extension if a member requires recuperative care services for more than 21 days. Providers must complete and submit a [Recuperative Care Extended Stay Request \(DHS-8513\) \(PDF\)](#), along with required

medical information, to the medical reviewer. Refer to [Authorization](#) under Provider Basics in the MHCP Provider Manual to submit a prior authorization request.

Readmissions

Any consecutive readmission to recuperative care services for the same diagnosis will continue the same 60-day limit. If the member is close to the 60-day limit, providers must submit the [Recuperative Care Extended Stay Request \(DHS-8513\) \(PDF\)](#) along with the required medical information, to ensure continued payment. Any readmission to recuperative care services for a new diagnosis starts a new 60-day coverage limit.

Discharge From Recuperative Care Services

Providers must ensure either one of the following before discharging a member from recuperative care services:

- The member's medical condition has improved.
- The member is being discharged to another setting that can meet their needs.

Note: The member can choose to be discharged with no housing option if that is their choice.

Billing

Recuperative care providers may get reimbursed for the recuperative care health services rate and the recuperative care facility rate. Refer to the following information for definitions and payment rates:

Recuperative Care Health Services Rate

The recuperative care health services rate is a bundled per diem payment of \$300.00 per day for the services provided to the member. Services provided within the bundled payment may include, but are not limited to, the covered services.

Recuperative Care Health Services Claim (Professional Claim)

- Bill on 837P claim format. Refer to the [MN–ITS 837P Professional User Guides](#).
- Bill CPT code T2033 for the recuperative care bundled payment.
- Bill all CPT or HCPCS codes on the same DOS and same claim that describes the services rendered with a \$0.00 charge (these will be zero pay).
- Report the enrolled MHCP MD, PA or APRN NPI as the rendering provider who is supervising health services. This provider must be reported on the Recuperative Care – Health Services Provider Acknowledgment (DHS-8562) (will be available when enrollment resumes)
- The recuperative care facility can bill for the recuperative care health services claim and be on the professional claim as the pay-to provider when the recuperative care facility is providing the health services with a medical director as rendering provider.
- Or if, the recuperative care facility affiliates with health services group provider the health services group providers will submit the professional claim for their health services separately which is the recuperative care health services bundled rate of \$300.00 per day. The recuperative care facility will not be able to bill for the professional services bundle rate.
- One of the ICD-10 diagnosis codes for homelessness will also need to be on the claim. It is the provider's responsibility to determine the appropriate diagnosis code for the service that was provided.

Recuperative Care Facility Rate

The recuperative care facility rate is approximately \$34.00 per day. This includes the room and board daily rate.

Recuperative Care Facility Claim

- 86X Residential Facility claim format. Refer to the [MN-ITS 837I Institutional User Guides](#).
- One of the ICD-10 diagnosis codes for homelessness also needs to be on the claim and condition code 17. It is the provider's responsibility to determine the appropriate diagnosis code for the service that was provided.

Note: The recuperative care services professional claim must be submitted and paid through MHCP before submitting the recuperative care facility claim. We reimburse the recuperative care facility rate only when the recuperative care health services rate is reimbursed to a provider. Providers may opt to only receive the recuperative care health services rate. The eligibility standards in chapter 256I do not apply to the recuperative care facility rate.

Managed Care Members

If a member is enrolled with a [Managed Care Organization \(MCO\)](#), the recuperative care health services claim must be submitted to the member's MCO. Recuperative care providers must contact the MCO for enrollment requirements, billing and coverage policies when providing services to MCO enrollees. [Contact the MCO](#) with provider questions about coverage or contract issues.

The recuperative care facility (room and board) rate is a [carve-out service](#). The recuperative care facility claims are covered through MHCP fee-for-service and should be billed directly to MHCP. It will be paid from state funds in an amount that equals the medical assistance room and board rate at the time the recuperative care services were provided.

Legal References

[Minnesota Statutes, 256B.0701](#) (Recuperative Care Services)

V. Appendix

Models of Medical Respite Care