

Medical Education and Research Cost (MERC) Formula

BASED ON MINNESOTA STATUTES, SECTION 62J.692

FUNDING YEAR: STATE FISCAL YEAR 2026

DATA PERIOD: FY2024 CLINICAL TRAINING & CY2024 CLAIMS

Eligibility Criteria:

- The facility must have at least **0.10 eligible FTE trainees** at the location where training occurred.
- The site must submit **clinical training expenditures** totaling at least \$5,000 related to eligible trainees.
- The training location must have **Medical Assistance (MA) and/or Prepaid Medical Assistance Program (PMAP) claims revenue**.

Formula Steps (after meeting qualifications)

Step 1: Calculating Initial Funding

- The Minnesota Department of Health (MDH) requests MA/PMAP claims revenue from the Department of Human Services (DHS) based on the facility's Minnesota Health Care Program (MHCP) ID submitted in the MERC application.
- DHS provides the claims revenue by the practice location MHCP ID to MDH.
- MDH calculates total MA/PMAP claims revenue for all eligible applicants.
- MDH determines each facility's percentage of the total claims revenue.
- That percentage is multiplied by the available funds to determine each facility's initial funding before expenditures are applied.

Step 2: Determining Funding per FTE Trainee (95th Percentile Limit)

- Initial funding is divided by the facility's eligible FTE trainees to calculate funding per FTE trainee.
- All facilities' funding per FTE amounts are compiled, and the 95th percentile limit is determined.
 - Only facilities that qualified for the formula are included in this calculation.

Step 3: Applying the Expenditure Limit

- Initial funding (from Step 1) is compared to submitted expenditures.
 - If initial funding exceeds expenditures, funding is capped at the expenditure amount.
 - Excess funds are pooled into an expenditure pool.
 - Facilities whose initial funding was less than their expenditures may receive additional funding from this pool.
 - Each eligible facility's share of the pool is calculated based on its proportion of the total initial funding among pool-eligible facilities.
 - Additional funding is added to each facility's total, ensuring no site exceeds its expenditures.
 - This step is repeated as needed.

Step 4: Limiting Funding at the 95th Percentile per FTE Trainee

- The facility's funding (from Step 3) is divided by its FTE total to determine funding per FTE.
 - If this amount exceeds the 95th percentile limit, the maximum funding is capped at that limit multiplied by the facility's FTEs.
 - Excess funds are pooled into a 95th percentile pool.
 - Facilities below the 95th percentile limit and under their expenditure cap may receive additional funding from this pool.
 - Each eligible facility's share is calculated based on its proportion of the total funding amount among pool-eligible facilities.
 - This step is repeated until no facility exceeds the 95th percentile funding per FTE.

Step 5: Applying the \$5,000 Funding Minimum

- Facilities with total funding below \$5,000 are removed from the funding distribution.
- These funds are pooled into a minimum funding pool.
 - Facilities under their expenditure cap and not limited by the 95th percentile may receive additional funding from this pool.
 - Each eligible facility's share is calculated based on its proportion of the total funding amount among pool-eligible facilities.
 - Additional funding is added to each facility's total.

Step 6: Final Review

- All amounts are reviewed to ensure no site exceeds its expenditures or the 95th percentile funding per FTE limit.
- If any limits are exceeded, Steps 3-6 are repeated.

08/11/2025