

# Medical Education and Research Cost (MERC) Grant Formula

STATE FISCAL YEAR 2025 FUNDING

## How grants are determined:

Grants are determined through a formula established in Minnesota Statutes, section 62J.692. While the funding year for the grant reflects fiscal year 2025, the data year (or clinical training period) reflects 2023 clinical training, expenditures, and claims revenue. Qualifying clinical training sites must also meet the formula qualifications:

- **Eligible FTEs** at the facility location where training took place must meet 0.10 FTEs.
- **Clinical training expenditures** must be submitted by the clinical training site and must meet the \$5,000 grant minimum.
- Location of training must have **Medical Assistance (MA)/Prepaid Medical Assistance Program (PMAP) claims revenue**.

## Formula Steps (after meeting qualifications)

### Step 1: Calculating the Initial Grant

- The Minnesota Department of Health (MDH) requests MA/PMAP claims revenue from the Department of Human Services (DHS) based on the facility location's Minnesota Health Care Program (MHCP) ID, as submitted on their MERC grant application.
- DHS provides the MA/PMAP claims revenue by the practice location's MHCP ID to MDH.
- MDH calculates the overall MA/PMAP claims revenue for all eligible grant applicants.
- MDH determines what portion (percent) of the overall MA/PMAP claims revenue is attributed to each facility location.
- The facility location's percent is then multiplied against the overall grant to determine the initial grant for each facility location before expenditures are applied.

### Step 2: Determining the Grant per Trainee FTE Limit (95<sup>th</sup> Percentile)

- The facility's initial grant is divided by the facility's trainee FTEs to determine the grant per trainee FTE for the facility.
- Each facility's grant per trainee FTE is added together and the 95th percentile is calculated.
  - Only facilities who qualified for the formula are included in this calculation.

### Step 3: Applying the Expenditure Limit

- The facility's initial grant (from Step 1) is compared to the facility's expenditures.
  - If the initial grant (from Step 1) is higher than the facility's expenditures, the facility grant is limited to their expenditure amount.
  - Funds that exceeded expenditures are totaled, creating an expenditure pool.

- Funds in the expenditure pool are then available to facilities whose initial grant was less than their expenditures.
- The initial grant amounts from those eligible for the expenditure pool are totaled, and each facility's percentage of the total is calculated.
- Each facility's percentage is then multiplied by the funding available in the expenditure pool, and the funds are added to the facility's grant.
- If the additional funds cause a facility to exceed the expenditure limit, this step is repeated until no facility's grant exceeds its expenditures.

#### **Step 4: Limiting the Grant at the 95<sup>th</sup> Percentile Grant per Trainee FTE**

- The facility's grant (from Step 3) is divided by the facility's FTE total to determine the facility's grant per FTE. The grant per FTE cannot exceed the amount determined to be the 95<sup>th</sup> percentile grant per FTE calculated in Step 2.
  - If the facility's grant per FTE exceeds the amount determined to be the 95<sup>th</sup> percentile grant per FTE limit, that limit is multiplied by the facility's FTEs. This is the maximum grant the site can receive.
  - Funds exceeding the 95<sup>th</sup> percentile grant per FTE limit are totaled to create a 95<sup>th</sup> percentile pool.
  - Funds in the 95<sup>th</sup> percentile pool are available to facilities whose grant is less than their expenditure limit.
  - Grants (from Step 3) of those eligible for the 95<sup>th</sup> percentile pool are totaled. The facility's grant is divided by the overall grant total of those eligible for the 95<sup>th</sup> percentile grant per FTE pool to determine the percentage of the 95<sup>th</sup> percentile pool to attribute to each facility.
  - This percentage is then multiplied by the funds available in the 95<sup>th</sup> percentile pool, and the amount is added to the facility's grant.
  - This step is repeated until no facility's grant per FTE exceeds the amount determined to be the 95<sup>th</sup> percentile grant per FTE limit.

#### **Step 5: Applying the \$5,000 Grant Minimum**

- Facilities whose grant is less than the \$5,000 minimum are removed from the grant.
- These funds are used to create a minimum grant pool.
  - Funds from the minimum grant pool are available to facilities whose grant is less than their expenditure limit and who have not been limited to the 95<sup>th</sup> percentile grant per FTE.
  - Grants (from Step 4) of those eligible for the minimum grant pool are totaled. The facility's grant is divided by the overall grant total of those eligible for the minimum grant pool to determine the percentage of the minimum grant pool to attribute to each eligible facility.
  - This percentage is then multiplied by the funds available in the minimum grant pool, and the amount is added to the facility's grant.

### Step 6: Final Check

- Facility grants are rechecked to verify no site grants exceeded their expenditures or exceeded the 95th percentile grant per FTE limit.
- If a facility has exceeded a limit, Steps 3-6 are repeated.

Minnesota Department of Health  
Medical Education and Research Costs (MERC)  
PO Box 64975  
St. Paul, MN 55164-0882  
651-201-3566  
[health.merc@state.mn.us](mailto:health.merc@state.mn.us)  
[www.health.state.mn.us](http://www.health.state.mn.us)

07/29/24

*To obtain this information in a different format, call: 651-201-3838.*