STATE OF MINNESOTA

EIGHTY-FIRST SESSION — 1999

FORTY-NINTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 22, 1999

The House of Representatives convened at 12:00 noon and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Megan West, Miss Minnesota, Litchfield, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dorman	Holsten	Lindner	Paulsen	Storm
Abrams	Dorn	Howes	Luther	Pawlenty	Swenson
Anderson, B.	Entenza	Huntley	Mares	Paymar	Sykora
Anderson, I.	Erhardt	Jaros	Mariani	Pelowski	Tingelstad
Bakk	Erickson	Jennings	Marko	Peterson	Tomassoni
Biernat	Finseth	Johnson	McCollum	Pugh	Trimble
Bishop	Folliard	Juhnke	McElroy	Rest	Tuma
Boudreau	Fuller	Kahn	McGuire	Reuter	Tunheim
Bradley	Gerlach	Kalis	Milbert	Rhodes	Van Dellen
Broecker	Gleason	Kelliher	Molnau	Rifenberg	Vandeveer
Buesgens	Goodno	Kielkucki	Mulder	Rostberg	Wagenius
Carlson	Gray	Knoblach	Mullery	Rukavina	Wejcman
Carruthers	Greenfield	Koskinen	Murphy	Schumacher	Wenzel
Cassell	Greiling	Krinkie	Ness	Seagren	Westerberg
Chaudhary	Gunther	Kubly	Nornes	Seifert, J.	Westfall
Clark, J.	Haake	Kuisle	Olson	Seifert, M.	Westrom
Clark, K.	Haas	Larsen, P.	Opatz	Skoe	Wilkin
Daggett	Hackbarth	Larson, D.	Orfield	Skoglund	Winter
Davids	Harder	Leighton	Osskopp	Smith	Wolf
Dawkins	Hasskamp	Lenczewski	Osthoff	Solberg	Workman
Dehler	Hausman	Leppik	Otremba	Stanek	Spk. Sviggum
Dempsey	Hilty	Lieder	Ozment	Stang	

A quorum was present.

Mahoney and Munger were excused.

Holberg was excused until 1:40 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Peterson moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Bishop from the Committee on Ways and Means to which was referred:

H. F. No. 2388, A bill for an act relating to state government; appropriating money for environmental and natural resources purposes; amending Minnesota Statutes 1998, sections 14.386; 84.027, subdivision 15; 84.0855, subdivision 2, and by adding a subdivision; 84.83, subdivisions 3 and 4; 84.86, subdivision 1; 84.862, subdivisions 1 and 2; 84.872, subdivision 1; 84.91, subdivision 1; 84.98, subdivision 6; 85.015, by adding a subdivision; 85.019, subdivision 2, and by adding subdivisions; 86B.415, subdivision 1; 88.067; 92.46, subdivision 1; 97A.075, subdivision 1; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; 97B.020; 103B.227, subdivision 2; 103C.401, by adding a subdivision; 115.55, subdivision 5a; 115A.02; 115A.554; 115A.918, subdivision 1; 115B.42; 169.121, subdivision 3; 169.1217, subdivisions 7a and 9; 169.123, subdivision 1; 171.07, subdivisions 12 and 13; 290.431; 290.432; 296A.18, subdivision 3; 297H.13, subdivision 5; 325E.11; 325E.112, subdivisions 1, 2, 3, and 4; 325E.113; 574.263; and 574.264, subdivision 1; Laws 1995, chapter 220, section 142, as amended; Laws 1996, chapter 351, section 2, as amended; Laws 1998, chapter 404, section 7, subdivisions 23 and 26; proposing coding for new law in Minnesota Statutes, chapters 103F; 115B; and 116; repealing Minnesota Statutes 1998, sections 1.31; 84B.11; 86B.415, subdivision 7a; 115A.929; 115A.9651; 115A.981; 297H.13, subdivision 6; 325E.112, subdivision 5; and 473.845, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ENVIRONMENT AND NATURAL RESOURCES

Section 1. [ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively.

SUMMARY BY FUND

	1999	2000	2001	TOTAL
General	$	$181,667,000	$178,169,000	$359,836,000
Petroleum Tank		3,333,000	3,393,000	6,726,000
State Government Special Revenue		44,000	45,000	89,000
Environmental		27,808,000	22,601,000	50,409,000
Solid Waste		6,953,000	7,032,000	13,985,000
Natural Resources		24,683,000	23,908,000	48,591,000
Game and Fish		64,913,000	66,021,000	130,934,000

Minnesota Future Resources		15,177,000	830,000	16,007,000
Environmental Trust	991,000	13,004,000	13,005,000	26,009,000
Great Lakes Protection		200,000	-0-	200,000
TOTAL	$991,000	$337,782,000	$315,004,000	$653,777,000

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001
Sec. 2. POLLUTION CONTROL AGENCY		
Subdivision 1. Total Appropriation	$ 53,254,000	$ 48,351,000

Summary by Fund

General	16,484,000	16,653,000
Petroleum Tank	3,333,000	3,393,000
State Government Special Revenue	44,000	45,000
Environmental	26,540,000	21,328,000
Solid Waste	6,853,000	6,932,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Protection of the Water

	15,418,000	15,908,000

Summary by Fund

General	12,508,000	12,687,000
State Government Special Revenue	44,000	45,000
Environmental	2,616,000	3,176,000
Petroleum Tank	250,000	-0-

$200,000 the first year and $200,000 the second year are for individual sewage treatment system (ISTS) grants. Any unexpended balance in the first year does not cancel, but is available in the second year.

$1,375,000 the first year and $1,375,000 the second year are for grants to local units of government for the clean water partnership program for phase II implementation projects. If the balance in either year is insufficient, the balance remaining in the other year is available for it.

$265,000 the second year is for feedlot grants for county administration of the feedlot permit program, including inventories. These amounts are transferred to the board of water and soil resources for disbursement in accordance with Minnesota

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Statutes, section 103B.3369, in cooperation with the pollution control agency. Grants must be matched with a combination of local cash and/or in-kind contributions. Counties receiving these grants shall submit an annual report to the pollution control agency regarding activities conducted under the grant, expenditures made, and local match contributions. First priority for funding shall be given to counties that have requested and received delegation from the pollution control agency for processing of animal feedlot permit applications under Minnesota Statutes, section 116.07, subdivision 7. Delegated counties shall be eligible to receive a grant of either: $50 multiplied by the number of livestock or poultry farms with sales greater than $10,000, as reported in the 1997 census of Agriculture, published by the United States Bureau of Census; or $80 multiplied by the number of feedlots with greater than ten animal units, as determined by a level 2 or level 3 feedlot inventory conducted in accordance with the Feedlot Inventory Guidebook published by the board of water and soil resources, dated June 1991. Any money remaining after the first year is available for the second year.

$496,000 the second year is from the environmental fund contingent upon adoption of feedlot rule changes for staff and associated expenses for purposes of addressing issues relating to feedlots to improve water quality.

$375,000 the first year and $375,000 the second year are for total maximum daily load allocation studies to improve water quality.

$250,000 the first year is from the petroleum tank release fund for the following purposes: (1) to purchase and distribute emergency spill response equipment, such as spill containment booms, sorbent pads, and installation tools, along the Mississippi river upstream of drinking water intakes at the locations designated by the agency in consultation with the Mississippi River Defense Network; (2) to purchase mobile trailers to contain the equipment in clause (1) so that rapid deployment can occur; and (3) to conduct spill response training for those groups of responders receiving the spill response equipment described in clause (1). The agency shall develop and administer protocol for the use of the equipment among all potential users, including private contract firms, public response agencies, and units of government. Any money remaining after the first year is available for the second year. This is a one-time appropriation.

$200,000 the first year and $200,000 the second year are for a grant to the University of Minnesota center for rural technology and cooperative development for the continued development of water quality cooperatives that own or control alternative discharging sewage systems as defined in Minnesota Statutes, section 115.58, subdivision 1. The university must study and prepare a report to the legislature on the barriers to financing and permitting cost-effective innovative or alternative sewage treatment technologies, systems, methods, and processes under existing statutes, agency rules, and practices, and on the potential

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for such treatment technologies for reducing point and nonpoint sources of water pollution. As a condition of this grant, the university must submit a work program and submit semiannual progress reports as provided in Minnesota Statutes, section 116P.05, subdivision 2, paragraph (c). This is a one-time appropriation.

$100,000 for the biennium is for a grant to the Garrison, Kathio, West Mille Lacs Lake Sanitary District for the cost of environmental studies, planning, and legal assistance for sewage treatment purposes. This is a one-time appropriation.

Subd. 3. Protection of the Air

	7,871,000	8,023,000
Summary by Fund		
General	181,000	142,000
Environmental	7,690,000	7,881,000

$181,000 the first year and $142,000 the second year are for mercury reduction strategies other than education programs.

Subd. 4. Protection of the Land

	23,008,000	16,882,000
Summary by Fund		
General	1,722,000	1,746,000
Petroleum Tank	2,891,000	2,951,000
Environmental	12,678,000	6,417,000
Solid Waste	5,717,000	5,768,000

All money in the environmental response, compensation, and compliance account in the environmental fund not otherwise appropriated is appropriated to the commissioners of the pollution control agency and the department of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (4), (10), (11), and (12). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of finance that maximizes the utilization of resources and appropriately allocates the money between the two agencies. This appropriation is available until June 30, 2001.

$136,000 the first year and $139,000 the second year are from the solid waste fund for staff and associated expenses related to permitting, compliance, and response actions at eligible facilities under Minnesota Statutes, section 473.845.

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$196,000 the first year and $200,000 the second year are from the solid waste fund to be transferred to the department of health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities.

$550,000 the first year and $550,000 the second year are from the petroleum tank release fund for purposes of the leaking underground storage tank program to protect the land.

$85,000 the first year is from the solid waste fund for a grant to Benton county to pay the principal amount due in fiscal year 2000 on bonds issued by the county to pay part of a final order or settlement of a lawsuit for environmental response costs at a mixed municipal solid waste facility. This money and any future money appropriated for this purpose must be apportioned by Benton county among the local units of government that were parties to the final order or settlement in the same proportion that the local units of government agreed to as their share of the liability. This is a one-time appropriation.

Subd. 5. General Support

	7,207,000	7,538,000
	Summary by Fund	
General	2,073,000	2,078,000
Petroleum Tank	442,000	442,000
Environmental	3,556,000	3,854,000
Solid Waste	1,136,000	1,164,000

$175,000 the first year and $175,000 the second year are for information system optimization for new regional office computers. $263,000 the second year is appropriated from the environmental fund for system optimization and for an optical imaging system. This is a one-time appropriation.

Sec. 3. OFFICE OF ENVIRONMENTAL ASSISTANCE	21,131,000	21,219,000
Summary by Fund		
General	19,863,000	19,946,000
Environmental	1,268,000	1,273,000

$14,008,000 each year is for SCORE block grants to counties.

$500,000 the first year and $500,000 the second year are for an increase in the environmental assistance grant program. This is a one-time appropriation.

Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

All money in the metropolitan landfill abatement account in the environmental fund not otherwise appropriated is appropriated to the office of environmental assistance for the purposes of Minnesota Statutes, section 473.844.

Notwithstanding Minnesota Statutes, section 115A.54, subdivision 2, paragraph (h), and rules of the office of environmental assistance, an applicant that receives a grant from money appropriated in Laws 1998, chapter 404, section 8, for less than 25 percent of the total capital costs of a project may be issued a second grant for capital costs of the project from other money appropriated for capital assistance grants. For the purpose of the grants issued under this item, each grant phase of the project shall be considered a separate project, but not for purposes of determining the maximum grant assistance as provided in Minnesota Statutes, section 115A.54, subdivision 2a.

Sec. 4. ZOOLOGICAL BOARD	7,349,000	7,429,000

$1,900,000 the first year and $1,900,000 the second year are for operation of the zoo. This is a one-time appropriation.

The zoological board must submit a report to the governor and legislature by February 1, 2000, analyzing alternative governing structures, including, but not limited to, conversion to a private nonprofit or local governmental entity. The report must include analysis of the impact on ownership of the facility, impacts on employees, and ongoing costs to the state related to any changes in governance structure. Release of the 2001 appropriation is contingent upon making significant progress toward financial self-sufficiency.

Notwithstanding Laws 1994, chapter 643, section 27, subdivision 2, as amended by Laws 1996, chapter 463, section 54, the zoological board may institute an admission fee increase before April 1, 2000.

The director must determine and report to the environmental finance committees of the legislature on whether altering the hours and dates of operation would reduce the zoo's operating deficit by February 1, 2000.

Sec. 5. NATURAL RESOURCES		
Subdivision 1. Total Appropriation	206,955,000	204,135,000

Summary by Fund

General	117,259,000	114,106,000
Natural Resources	24,683,000	23,908,000
Game and Fish	64,913,000	66,021,000
Solid Waste	100,000	100,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

Subd. 2. Mineral Resources Management

	5,054,000	5,164,000

$311,000 the first year and $311,000 the second year are for iron ore cooperative research, of which $225,000 the first year and $225,000 the second year are available only as matched by $1 of nonstate money for each $1 of state money. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

$376,000 the first year and $377,000 the second year are for mineral diversification. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

$46,000 the first year and $47,000 the second year are for minerals cooperative environmental research, of which $30,000 the first year and $30,000 the second year are available only as matched by $1 of nonstate money for each $1 of state money. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Subd. 3. Water Resources Management

	14,739,000	12,481,000
Summary by Fund		
General	14,477,000	12,212,000
Natural Resources	262,000	269,000

$113,000 the first year and $113,000 the second year are for a grant to the Mississippi headwaters board for up to 50 percent of the cost of updating and implementing the comprehensive plan, under Minnesota Statutes, sections 103F.361 to 103F.377, for the upper Mississippi river corridor within areas under its jurisdiction. The unencumbered balance in the first year does not cancel but is available for the second year. This is a one-time appropriation.

$200,000 the first year and $150,000 the second year are for a grant to the Cannon river watershed partnership for protection, conservation, and enhancement of the ecological integrity of the Cannon river watershed. The grant the second year is contingent upon the establishment of a joint powers board by the counties of Steele, Rice, Goodhue, LeSueur, Waseca, and Dakota, and any cities and towns within the counties, to prepare a land use management and recreation plan for the Cannon river watershed; and to eventually provide grant programs for filter strips, side inlet structures, and reconstruction of bridges over sensitive environmental areas. The goal of the plan is to protect the river system's natural beauty, environment, and water quality. The purpose of the plan is to assist local units of government within the Cannon river watershed to adequately plan for the protective management of the river within their jurisdiction. The plan and

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	2000	2001

programs must meet or exceed the requirements of state shoreland, floodplain, and wild and scenic river laws. The joint powers board must seek available federal funding, and funding or in-kind services from organizations and local units of government to complete the plan and implement the program.

$1,100,000 the first year and $500,000 the second year are for grants to local units of government located within the Red River Basin to develop comprehensive watershed plans, to establish agency interdisciplinary teams for each watershed in the Red River Valley, and to establish and maintain a basin repository including data on flood flows and water supply.

$118,000 is for a grant to the city of Thief River Falls to finish dredging projects within the city on the Red Lake river and the Thief river. This appropriation is in addition to the appropriation in Laws 1997, chapter 216, section 5, subdivision 3. This appropriation is available to the extent matched by an equal amount of nonstate money until June 30, 2001. This is a one-time appropriation.

$1,000,000 the first year is for the construction of ring dikes under Minnesota Statutes, section 103F.161. The ring dikes may be publicly or privately owned. This is a one-time appropriation.

$1,400,000 is transferred to the general fund the first year from the special account established in Minnesota Statutes, section 103G.271, subdivision 6, paragraph (g).

Notwithstanding Minnesota Statutes, section 103G.271, subdivision 6, paragraph (g), all water appropriation fees collected from July 2, 1999, to June 30, 2001, shall be deposited in the general fund.

$20,000 the first year is for a feasibility study of raising the control elevation of Coon Lake in Anoka county. The study must be completed by February 1, 2000.

Subd. 4. Forest Management

	33,840,000	34,565,000
Summary by Fund		
General	33,387,000	34,101,000
Natural Resources	453,000	464,000

$3,500,000 the first year and $3,500,000 the second year are for presuppression and suppression costs of emergency fire fighting. If the appropriation for either year is insufficient to cover all costs of suppression, the amount necessary to pay for emergency firefighting expenses during the biennium is appropriated from the general fund. If money is spent under the appropriation in the preceding sentence, the commissioner of natural resources shall,

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by 15 days after the end of the following quarter, report on how the money was spent to the chairs of the house of representatives ways and means committee, the environment and agriculture budget division of the senate environment and natural resources committee, and the house of representatives environment and natural resources finance committee. The appropriations may not be transferred.

$5,000 the first year is for closing down the office of the Minnesota forest resources council. This is a one-time appropriation.

Subd. 5. Parks and Recreation Management

	30,285,000	30,975,000
Summary by Fund		
General	29,651,000	30,339,000
Natural Resources	634,000	636,000

$631,000 the first year and $632,000 the second year are from the water recreation account in the natural resources fund for state park development projects. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

$4,950,000 the first year and $4,950,000 the second year are for payment of a grant to the metropolitan council for metropolitan area regional parks and trails maintenance and operation. $1,950,000 is a one-time appropriation each year.

$25,000 the first year and $25,000 the second year are for a grant to the city of Taylors Falls for fire and rescue operations in support of Interstate park. This is a one-time appropriation.

Notwithstanding any law to the contrary, effective the day following final enactment, the commissioner of natural resources may enter into a 30-year lease with the Minneapolis park and recreation board for the golf course and polo grounds at Fort Snelling. The land to be leased shall be used for recreation purposes in the development of athletic fields connected with the property. The commissioner of natural resources is not obligated to make improvements on the leased property.

Subd. 6. Trails and Waterways Management

	19,924,000	16,409,000
Summary by Fund		
General	4,294,000	2,040,000
Natural Resources	13,733,000	12,761,000
Game and Fish	1,897,000	1,608,000

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$3,819,000 the first year and $3,819,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid.

$400,000 is to construct a snowmobile trail to connect the Willard Munger state trail at Hermantown to the North Shore state trail in Duluth. This is a one-time appropriation.

$120,000 the first year is for the planning, development, and construction of the Gitchi-Gami trail on the north shore of Lake Superior. The trail must be designed primarily for hiking and bicycling and must connect communities, state parks, and other points of interest along the north shore. This is a one-time appropriation.

$550,000 is to develop nonpaved alternative trails that are adjacent to Heartland and Paul Bunyan state trails. This is a one-time appropriation.

$175,000 is for a grant to the Ramsey county board of commissioners and the Washington county board of commissioners to cooperatively develop a master plan, with the cooperation and assistance of the Minnesota parks and trails council, for a trail around Silver Lake, a White Bear Lake to Stillwater regional trail, a trail and route around White Bear Lake and trail connections with the Gateway trail and other state or regional trails within the counties. The master plan must be developed with the cities of North St. Paul, Maplewood, Oakdale, Birchwood, Dellwood, Mahtomedi, and White Bear Lake, White Bear township, and the departments of natural resources and transportation.

$1,500,000 the first year and $75,000 the second year are from the natural resources fund to plan, acquire, develop, and operate the Iron Range off-highway vehicle recreation area. The first year appropriation is one-time and available until expended. Of the amount appropriated the first year, $750,000 is from the all-terrain vehicle account, $600,000 is from the off-road vehicle account, and $150,000 is from the off-highway motorcycle account. Of the amount appropriated in the second year, $40,000 is from the all-terrain vehicle account, $30,000 is from the off-road account, and $5,000 is from the off-highway motorcycle account. The appropriations are available until expended.

$360,000 the first year and $660,000 the second year are from the natural resources fund for expansion of off-highway vehicle facilities. Of these amounts, $144,000 the first year and $264,000 the second year are from the all-terrain vehicle account, $54,000 the first year and $99,000 the second year are from the off-highway motorcycle account, and $162,000 the first year and $297,000 the second year are from the off-road vehicle account in the natural resources fund.

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$1,000,000 is to the city of St. Paul for the acquisition of the portion of the Trout Brook Corridor located between Maryland Avenue, I-35E, Cayuga Street, and Agate Street. The lands shall be acquired for the reestablishment of natural habitat, as well as passive recreational and environmental educational opportunities. This is a one-time appropriation.

$50,000 the first year is for a grant to the city of Silver Bay for supplies and equipment to furnish and equip the interior of the harbor administration building.

Subd. 7. Fish and Wildlife Management

	51,535,000	52,205,000
Summary by Fund		
General	8,396,000	8,076,000
Natural Resources	2,091,000	2,132,000
Game and Fish	41,048,000	41,997,000

$4,500,000 the first year and $4,500,000 the second year are from the game and fish fund. Eighty-five percent of this appropriation must be used for regional field operations. The commissioner must provide a report by February 1, 2000, to the legislative finance committees on natural resources on how and where the money for regional field operations has been spent.

$923,000 the first year and $943,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management. Any unencumbered balance remaining in the first year does not cancel but is available the second year.

$1,337,000 the first year and $1,361,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2. Any unencumbered balance for the first year does not cancel but is available for use the second year.

$1,110,000 the first year and $1,117,000 the second year are from the wildlife acquisition account for only the purposes specified in Minnesota Statutes, section 97A.071, subdivision 2a.

$860,000 the first year and $881,000 the second year are from the deer habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (b).

$60,000 the first year and $61,000 the second year are from the deer and bear management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (c).

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$668,000 the first year and $673,000 the second year are from the waterfowl habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 2.

$652,000 the first year and $654,000 the second year are from the trout and salmon management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 3.

$545,000 the first year and $545,000 the second year are from the pheasant habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 4. In addition to the purposes specified in Minnesota Statutes, section 97A.075, subdivision 4, this appropriation may be used for pheasant restocking efforts.

$1,565,000 the first year and $1,565,000 the second year are for field operation costs associated with the division of wildlife and fish. Eighty-five percent of this appropriation must be used for regional field operations. The commissioner must provide a report by February 1, 2000, to the legislative finance committees on natural resources on how and where the money for regional field operations has been spent.

$530,000 the first year and $530,000 the second year are for expansion of the walleye stocking program. $320,000 each year must be used for the purchase of fingerlings.

$160,000 the first year is split equally for a joint development with the office of tourism to develop a Minnesota river valley birding trail and a Mississippi river valley birding trail, with the assistance of the Minnesota Audubon Society. The Mississippi river parkway commission also shall assist with the Mississippi river valley birding trail. A work plan for each trail must be developed by the department of natural resources and approved by the legislative commission on Minnesota resources. The appropriation is available for the biennium ending June 30, 2001.

Subd. 8. Enforcement

	20,884,000	21,331,000
Summary by Fund		
General	3,572,000	3,645,000
Natural Resources	3,926,000	3,982,000
Game and Fish	13,286,000	13,604,000
Solid Waste	100,000	100,000

$1,082,000 the first year and $1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety.

$130,000 the first year and $130,000 the second year are to continue the enforcement community liaison officers program.

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Overtime shall be distributed to conservation officers at historical levels. In the case of an unallotment, the overtime bank may be reduced in proportion to reductions made in other areas of the budget.

If Minnesota Statutes, section 86B.415, subdivision 7a, is repealed, a refund of the $50 surcharge shall be issued by the commissioner to any person who demonstrates having paid the fee.

$40,000 the first year and $40,000 the second year are from the natural resources fund for enforcement activities relating to the Iron Range off-highway vehicle recreation area. Of the amount appropriated, $40,000 is from the all-terrain vehicle account, $32,000 is from the off-road vehicle account, and $8,000 is from the off-highway motorcycle account.

Subd. 9. Operations Support

30,694,000 31,005,000

Summary by Fund

General	18,428,000	18,529,000
Natural Resources	3,584,000	3,664,000
Game and Fish	8,682,000	8,812,000

The commissioner of natural resources may contract with and make grants to nonprofit agencies to carry out the purposes, plans, and programs of the office of youth programs, Minnesota conservation corps.

$100,000 the first year and $100,000 the second year are an increase in the base appropriation for the Minnesota conservation corps program activities.

$785,000 the first year and $415,000 the second year are for the project IT infrastructure for subregion connectivity, information technology support staff, Oracle 8 implementation, and a spatial database engine.

Electronic licensing under Minnesota Statutes, section 84.027, subdivision 15, other than by telephone or Internet transaction, may not be implemented until July 1, 2000. The commissioner shall review and analyze other types of licensing systems and report to the house and senate environmental finance committees by March 1, 2000.

$116,000 the first year and $116,000 the second year are for grants to the counties of Beltrami, Marshall, and Roseau for the payment of unpaid back ditch assessments on state lands, based on the signed agreement between the attorney general and the commissioner.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
$100,000 the first year and $100,000 the second year are to maintain the state parks Southeast Asian environmental education program. This is a one-time appropriation.		
At least one-half of the base budget reductions for the biennium must be made in the department's central office.		
Sec. 6. BOARD OF WATER AND SOIL RESOURCES	19,006,000	18,559,000
$1,268,000 the first year and $1,268,000 the second year are for the administrative costs of easement programs.		
$100,000 the first year and $100,000 the second year are for a grant to the Red river basin board to develop a Red river basin water management plan and to coordinate water management activities in the states and provinces bordering the Red river. This appropriation is only available to the extent it is matched by a proportionate amount in United States currency from the states of North Dakota and South Dakota and the province of Manitoba. The unencumbered balance in the first year does not cancel but is available for the second year. This is a one-time appropriation.		
$32,000 is for a grant to the Blue Earth county soil and water conservation district for stream bank stabilization on the LeSueur river within the city limits of St. Clair. This is a one-time appropriation.		
$500,000 the first year and $500,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts under Minnesota Statutes, section 103C.501. This appropriation is one-time and is available until expended.		
$5,443,000 the first year and $5,443,000 the second year are for natural resources block grants to local governments.		
The board shall reduce the amount of the natural resource block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's 1998 allocation.		
Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.		
$3,867,000 the first year and $3,867,000 the second year are for grants to soil and water conservation districts for general purposes and for implementation of the RIM conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. The appropriation is in addition to any money distributed under Minnesota Statutes, section 103C.401, subdivision 2.		

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
$500,000 is for a grant to the Minneapolis parks and recreation board to mitigate flooding, restore and stabilize the shoreline, and provide for wetland replacement at Lake of the Isles. This is a one-time appropriation.		
$50,000 the first year and $50,000 the second year are for the Blue Earth river basin initiative in Minnesota Statutes, sections 103F.191 to 103F.197. This is a one-time appropriation.		
Any unencumbered balance in the board's program of grants does not cancel at the end of the first year and is available for the second year for the same grant program.		
Sec. 7. CITIZENS COUNCIL ON VOYAGEURS NATIONAL PARK	66,000	-0-
The council's duties shall expire on June 30, 2000.		
Sec. 8. SCIENCE MUSEUM OF MINNESOTA	1,199,000	1,235,000
Sec. 9. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION	-0-	-0-
Sec. 10. MINNESOTA ACADEMY OF SCIENCE	41,000	41,000
Sec. 11. TRANSPORTATION	200,000	-0-
$200,000 is for a grant to the city of Savage or Scott county, or both, for engineering and environmental studies relating to the extension of Scott county state-aid highway No. 27 in the vicinity of the Savage fen wetlands complex. This is a one-time appropriation.		
Sec. 12. ADMINISTRATION	200,000	200,000
$200,000 the first year and $200,000 the second year are for a grant to the Minnesota Children's Museum to fund Project GreenStart. The appropriation shall be used to enhance curricular programming, expand community outreach, and continue development of exhibit-based education. This is a one-time appropriation.		
Sec. 13. MINNESOTA RESOURCES		
Subdivision 1. Total Appropriation	28,381,000	13,835,000
Summary by Fund		
Minnesota Future Resources Fund		
15,177,000 830,000		
Environment and Natural Resources Trust Fund		
991,000 13,004,000 13,005,000		

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001
Great Lakes Protection Account	200,000	-0-

Appropriations from the Minnesota future resources fund and the Great Lakes protection account are available for either year of the biennium.

For appropriations from the environment and natural resources trust fund, any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

Unless otherwise provided, the amounts in this section are available until June 30, 2001, when projects must be completed and final products delivered.

Subd. 2. Definitions

(a) "Future resources fund" means the Minnesota future resources fund referred to in Minnesota Statutes, section 116P.13.

(b) "Trust fund" means the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

(c) "Great Lakes protection account" means the account referred to in Minnesota Statutes, section 116Q.02.

Subd. 3. Legislative Commission on Minnesota Resources

	583,000	284,000
Summary by Fund		
Future Resources Fund	300,000	-0-
Trust Fund	283,000	284,000

$300,000 is from the future resources fund and $283,000 the first year and $284,000 the second year are from the trust fund, pursuant to Minnesota Statutes, section 116P.09, subdivision 5.

Subd. 4. Recreation

	8,862,000	3,550,000
Summary by Fund		
Future Resources Fund	6,142,000	830,000
Trust Fund	2,720,000	2,720,000

(a) Local Initiatives Grants Program

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This appropriation is to the commissioner of natural resources to provide matching grants, as follows:

(1) $1,978,000 is from the future resources fund to local units of government for local park and recreation areas of up to $250,000 notwithstanding Minnesota Statutes, section 85.019. $50,000 is to complete the Larue Pit Recreation Development. $28,000 is to the city of Hitterdal for park construction at Lake Flora. $460,000 is available immediately upon enactment.

(2) $435,000 the first year and $435,000 the second year are from the trust fund to local units of government for natural and scenic areas pursuant to Minnesota Statutes, section 85.019.

(3) $1,484,000 is from the future resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grant. $500,000 is for grants of up to $50,000 per project for trail linkages between communities, trails, and parks, and $720,000 is for grants of up to $250,000 for locally funded trails of regional significance outside the metropolitan area. $54,000 is to the Department of Natural Resources for planning and archaelogical costs to develop a multiuse trail connecting the Douglas Trail in Rochester with Chester Woods County Park and the cities of Eyota and Dover. $50,000 is to the upper Minnesota River valley regional development commission for the preliminary design and engineering of a single segment of the Minnesota River trail from Appleton to the Milan Beach on Lake Lac Qui Parle. $160,000 is to the Department of Natural Resources to resurface four miles of recreational trail from the town of Milan to Lake Lac Qui Parle in Chippewa county.

(4) $305,000 the first year and $305,000 the second year are from the trust fund for a statewide conservation partners program, to encourage private organizations and local governments to cost share improvement of fish, wildlife, and native plant habitats and research and surveys of fish and wildlife. Conservation partners grants may be up to $20,000 each. $10,000 is for an agreement with the Canby Sportsman's Club for shelterbelts for habitat and erosion control.

(5) $100,000 the first year and $100,000 the second year are from the trust fund for environmental partnerships program grants of up to $20,000 each for environmental service projects and related education activities through public and private partnerships.

In addition to the required work program, grants may not be approved until grant proposals to be funded have been submitted to the legislative commission on Minnesota resources and the commission has approved the grants or allowed 60 days to pass. The commission shall monitor the grants for approximate balance over extended periods of time between the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, and the nonmetropolitan area through work program oversight and

APPROPRIATIONS
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periodic allocation decisions. For the purpose of this paragraph, the match must be nonstate contributions, but may be either cash or in-kind. Recipients may receive funding for more than one project in any given grant period. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. If a project financed under this program receives a federal grant, the availability of the financing from this subdivision for that project is extended to equal the period of the federal grant.

(b) Mesabi Trail Land Acquisition and Development - Continuation

$1,000,000 is from the future resources fund to the commissioner of natural resources for an agreement with St. Louis and Lake Counties Regional Rail Authority for the fourth biennium to develop and acquire segments of the Mesabi trail and procure design and engineering for trail heads and enhancements. This appropriation must be matched by at least $1,000,000 of nonstate money. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Kabetogama to Ash River Community Trail System

$100,000 is from the future resources fund to the commissioner of natural resources for an agreement with Kabetogama Lake Association in cooperation with the National Park Service for trail construction linking Lake Kabetogama, Ash River, and Voyagers National Park. This appropriation must be matched by at least $100,000 of nonstate money.

This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Mesabi Trail Connection

$80,000 is from the future resources fund to the commissioner of natural resources for an agreement with the East Range Joint Powers Board to develop trail connections to the Mesabi Trail with the communities of Aurora, Hoyt Lakes, and White. This appropriation must be matched by at least $80,000 of nonstate money. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(e) Dakota County Bikeway Mapping

$15,000 is from the future resources fund to the metropolitan council for an agreement with Dakota county to cost share the integration of digital elevation information in the Dakota county geographic information system database with trail and bikeway routes and develop maps for trail and bikeway users.

APPROPRIATIONS
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(f) Mississippi Riverfront Trail and Access

$155,000 is from the future resources fund to the commissioner of natural resources for an agreement with the city of Hastings to acquire and restore the public access area and to complete the connecting riverfront trail from the public access to lock and dam number two adjacent to Lake Rebecca. This appropriation must be matched by at least $155,000 of nonstate money.

(g) Management and Restoration of Natural Plant Communities on State Trails

$75,000 the first year and $75,000 the second year are from the trust fund to the commissioner of natural resources to manage and restore natural plant communities along state trails under Minnesota Statutes, section 85.015

(h) Gitchi-Gami State Trail

$275,000 the first year and $275,000 the second year are from the trust fund to the commissioner of natural resources for construction of the Gitchi-Gami state trail through Split Rock State Park. The commissioner must submit grant requests for supplemental funding for federal TEA-21 money in eligible categories and report the results to the legislative commission on Minnesota resources. All segments of the trail must become part of the state trail system. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) State Park and Recreation Area Acquisition, Development, Betterment, and Rehabilitation

$500,000 the first year and $500,000 the second year are from the trust fund to the commissioner of natural resources as follows: (1) for state park and recreation area acquisition, $500,000; and (2) for state park and recreation area development, rehabilitation, and resource management, $500,000, unless otherwise specified in the approved work program. The use of the Minnesota conservation corps is encouraged. The commissioner must submit grant requests for supplemental funding for federal TEA-21 money in eligible categories and report the results to the legislative commission on Minnesota resources. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Interpretive Boat Tours of Hill Annex Mine State Park

$30,000 the first year and $30,000 the second year are from the trust fund to the commissioner of natural resources to add interpretive boat excursion tours of the mine. The project will include purchase and equipping of a craft and development of a landing area.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

(k) Metropolitan Regional Parks Acquisition, Rehabilitation, and Development

$1,000,000 the first year and $1,000,000 the second year are from the trust fund to the metropolitan council for subgrants for acquisition, development, and rehabilitation in the metropolitan regional park system, consistent with the metropolitan council regional recreation open space capital improvement plan. This appropriation may be used for the purchase of homes only if the purchases are expressly included in the work program approved by the legislative commission on Minnesota resources. The metropolitan council shall collect and digitize all local, regional, state, and federal parks and all off-road trails with connecting on-road routes for the metropolitan area and produce a printed map that is available to the public. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(l) Como Park Campus Maintenance

$500,000 is from the future resources fund to the department of finance for a grant to the city of St. Paul for a subsidy for the maintenance of live plant and animal exhibits for the zoo and the conservatory at the Como Park campus.

(m) Snowmobile Grants-in-Aid and DNR Operations

$550,000 the first year and $550,000 the second year are from the trust fund to the commissioner of natural resources for snowmobile grants-in-aid.

$280,000 the first year and $280,000 the second year are from the trust fund to the commissioner of natural resources for trails and waterways snowmobile operations.

Subd. 5. Historic	477,000	213,000
	Summary by Fund	
Future Resources Fund	265,000	-0-
Trust Fund	212,000	213,000

(a) Using National Register Properties to Interpret Minnesota History

$90,000 is from the future resources fund to the Minnesota Historical Society to create interactive, mini-documentaries in Internet format using the National Register properties to interpret selected themes in Minnesota history.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

(b) Historic Site Land Acquisition

$87,000 the first year and $88,000 the second year are from the trust fund to the Minnesota Historical Society to purchase land adjacent to the Lower Sioux Agency, Jeffers Petroglyphs, and Oliver Kelley Farm sites to protect the historic resources. Allocation of dollars between the three sites shall be determined based on the willingness of sellers and reasonable purchase prices at the respective sites. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Gibbs Farm Museum Interpretation

$150,000 is from the future resources fund to the Minnesota Historical Society for an agreement with Ramsey County Historical Society to build and furnish replica structures of historic lifestyles and land use of the Dakota and pioneers.

(d) Traverse des Sioux Site Development

$125,000 the first year and 125,000 the second year are from the trust fund to the Minnesota Historical Society to improve public access to state historic site Traverse des Sioux including trails, interpretive markers, and basic visitor amenities.

(e) Old Wadena Historic Site Development

$25,000 is from the future resources fund to the Minnesota Historical Society for an agreement with Wah De Nah Historic and Environmental Learning Project to develop a footbridge, archaeological survey, and educational programs. This appropriation must be matched by at least $6,000 of nonstate money.

Subd. 6. Water Quality

	1,730,000	730,000
Summary by Fund		
Future Resources Fund	1,000,000	-0-
Trust Fund	730,000	730,000

(a) On-Site Sewage Treatment Alternatives; Performance, Outreach and Demonstration - Continuation

$275,000 the first year and $275,000 the second year are from the trust fund to the commissioner of the pollution control agency for the third biennium to monitor previously built test sites for pathogen removal and other parameters for indicators of treatment efficiency, to determine maintenance needs and system longevity, and to pursue the establishment of cooperative demonstration projects.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

(b) Identification of Sediment Sources in Agricultural Watersheds

$175,000 the first year and $175,000 the second year are from the trust fund to the Science Museum of Minnesota to quantify the contribution of streambank erosion versus overland erosion sources to riverine suspended sediment concentrations. This appropriation must be matched by at least $90,000 of nonstate money.

(c) Accelerated Statewide Local Water Plan Implementation

$1,000,000 is from the future resources fund to the board of water and soil resources to accelerate the local water planning challenge grant program under Minnesota Statutes, section 103B.3361, to assist in the implementation of high priority activities in comprehensive water management plans on a cost-share basis. $140,000 is to St. Louis county to inventory and evaluate existing sewage treatment systems. $75,000 is to the Whitefish Area Property Owners Association in cooperation with Crow Wing county to inspect all lakeshore properties on the Whitefish chain of lakes for conformance with septic system requirements. $50,000 is to Chisago county to develop sustainable wastewater treatment alternatives which must be matched by at least $30,000 of nonstate money.

(d) Tracking Sources of Fecal Pollution Using DNA Techniques

$150,000 the first year and $150,000 the second year are from the trust fund to the University of Minnesota to define sources of fecal pollution in waters.

(e) Groundwater Flow in the Prairie du Chien Aquifer

$55,000 the first year and $55,000 the second year are from the trust fund to the University of Minnesota to characterize groundwater flow within the Prairie du Chien Formation.

(f) Erosion Impacts on the Cannon Valley Big Woods

$75,000 the first year and $75,000 the second year are from the trust fund to the University of Minnesota in cooperation with the Big Woods Project to determine historical and future effects of land practices on soil erosion levels and develop land management tools in the big woods ecosystem in Rice county.

Subd. 7. Agriculture and Natural Resource Based Industries

	4,568,000	1,132,000
Summary by Fund		
Future Resources Fund	3,435,000	-0-
Trust Fund	1,133,000	1,132,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(a) Green Forest Certification Project

$75,000 the first year and $75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Institute for Agriculture and Trade Policy to certify foresters and to evaluate private forest lands for green certification.

(b) Accelerated Transfer of New Forest - Research Findings

$58,000 the first year and $57,000 the second year are from the trust fund to the University of Minnesota to accelerate educational programming by the sustainable forest education cooperative on the practical application of landscape-level analysis in site-level forest management.

(c) Minnesota Wildlife Tourism Initiative

$125,000 the first year and $125,000 the second year are from the trust fund to the commissioner of natural resources to develop, implement, and evaluate a project focusing on wildlife tourism as a sustainable industry in Minnesota in cooperation with the office of tourism.

(d) Integrated Prairie Management

$175,000 the first year and $175,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota and Clay county in a cooperative project for an aggregate resource inventory on public lands, prairie restoration and research, and stewardship plans for management options. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(e) Improved Agricultural Systems Overlying Sensitive Aquifers in Southwestern Minnesota

$200,000 is from the future resources fund to the commissioner of agriculture for an agreement with the University of Minnesota, Southwest Experiment Station, to provide technical support, research, systems evaluation, and advisory teams to protect sensitive alluvial aquifers threatened by nitrate contamination in southwest Minnesota.

(f) Diversifying Agriculture for Environmental, Economic, and Social Benefits

$200,000 the first year and $200,000 the second year are from the trust fund to the University of Minnesota to research new plant materials and crop management systems for diversification.

APPROPRIATIONS
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2000 2001

(g) Commercial Fertilizer Plant for Livestock Solid Waste Processing

$400,000 is from the future resources fund to the agricultural utilization research institute for an agreement with AquaCare International, Inc. to establish a commercial grade fertilizer plant that will enhance and process animal wastewater solids through micronization technology. This appropriation must be matched by at least $425,000 of nonstate money. As a condition of receiving this appropriation, AquaCare International, Inc. must agree to pay to the state a royalty. Notwithstanding Minnesota Statutes, section 116P.10, the royalty must be two percent of gross revenues accruing to AquaCare International, Inc. from this application of micronization technology. Receipts from the royalty must be credited to the fund.

(h) Preservation of Native Wild Rice Resource

$200,000 is from the future resources fund to the commissioner of natural resources for an agreement with Leech Lake Reservation to analyze critical factors in different northern rice habitats and determine methods to preserve the natural diversity of wild rice. This appropriation must be matched by at least $45,000 of nonstate money.

(i) Wild Rice Management Planning

$200,000 is from the future resources fund to the commissioner of natural resources for an agreement with the Boise Forte Band of Chippewa to develop databases and management plans for northern wild rice lakes. This appropriation must be matched by at least $20,000 of nonstate money.

(j) Mesabi Iron Range, Water and Mineral Resource Planning

$200,000 the first year and $200,000 the second year are from the trust fund to the commissioner of natural resources. $125,000 the first year and $125,000 the second year are from the trust fund to the University of Minnesota to develop and assemble essential data on stockpile composition and ownership, complete hydrogeologic base maps, site and design an overflow outlet, and distribute results to local government and industry. This project is to be coordinated by the Range Association of Municipalities and Schools. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(k) Sustainable Aquaculture Development in Minnesota

$130,000 is from the future resources fund to the commissioner of agriculture in cooperation with the University of Minnesota to develop, demonstrate, and evaluate prototypes of aquaponic systems that operate in an urban environment and use a combination of aquacultural and hydroponic techniques to produce fish and plants for human consumption. $55,000 is from the future resources fund to the commissioner of agriculture in

APPROPRIATIONS
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2000 2001

cooperation with the MinAqua Fisheries Cooperative, with assistance from the University of Minnesota, for the purchase, operation, and demonstration of ozonation equipment for water treatment and conditioning in large recirculating aquaculture systems. These appropriations are available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. As a condition of receiving this appropriation, MinAqua Fisheries Cooperative must agree to pay to the state a royalty. Notwithstanding Minnesota Statutes, section 116P.10, the royalty must be two percent of the gross revenues accruing to MinAqua Fisheries Cooperative from this application of ozonation technology. Receipts from the royalty must be credited to the fund.

(l) Sustainable Farming Systems - Continuation

$350,000 is from the future resources fund to the University of Minnesota, Minnesota Institute for Sustainable Agriculture, for on-farm and experiment station research, documentation and dissemination of information on alternative farm practices in order to integrate recent scientific advances, improve farm efficiencies, promote profitability, and to enhance environmental quality.

(m) Sustainable Livestock Systems

$350,000 is from the future resources fund to the commissioner of agriculture for an agreement with the University of Minnesota, West Central Experiment Station, for on-farm research and education programs to support small- to moderate-scale farms through whole farm planning and monitoring of forage-based livestock systems.

(n) Forest Wildlife Biologist for Ruffed Grouse

$1,000,000 is from the future resources fund to the commissioner of natural resources for an agreement with the Ruffed Grouse Society, Inc. to fund a position and related costs for a forest wildlife biologist employed by the society that will provide technical assistance to public and private landowners for improved ruffed grouse habitat and related forest wildlife conservation. The activity funded by this appropriation must be done in collaboration with institutes of higher learning and state agencies. The amounts of this appropriation made available in each fiscal year must not exceed those stated in the work program. As a condition of receiving this appropriation, the society must demonstrate that it has created a private endowment to fund this position and related costs with nonstate money after this appropriation has been spent. The society must demonstrate that it has a sound financial plan to increase the principal of the endowment to at least $1,000,000 of nonstate money by January 1, 2000, and to $2,000,000 of nonstate money by June 30, 2007. The work program must provide that failure of the society to meet the goals of the financial plan on time will cause further payments from this appropriation to be

APPROPRIATIONS
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withheld until the goals are met. This appropriation is available until June 30, 2007, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(o) Organic Farming Training Project

$175,000 the first year and $175,000 the second year are from the trust fund to the commissioner of agriculture for an agreement with the Minnesota Food Association in cooperation with the Midwest Organic Alliance to recruit and train new immigrant and conventional farmers in sustainable and organic methods utilizing a mentoring approach.

(p) Construction and Demolition Waste Abatement Demonstration Project

$250,000 is from the future resources fund to the director of the office of environmental assistance for an agreement with the Green Institute to field test building salvage strategies, expanding markets for salvaged materials, and creating a community-based enterprise model.

(q) Minnesota River Basin Initiative; Local Leadership

$300,000 is from the future resources fund to the board of water and soil resources for a cost-share agreement with the Minnesota River Basin Joint Powers Board for landscape planning and demonstration, and restoration and management projects for the Minnesota River on a cost-share basis.

Subd. 8. Urbanization Impacts

	715,000	175,000

Summary by Fund

Future Resources Fund	540,000	-0-
Trust Fund	175,000	175,000

(a) Resources for Redevelopment: A Community Property Investigation Program

$100,000 is from the future resources fund to the pollution control agency for an agreement with the Minnesota Environmental Initiative to assess environmental contamination in up to sixteen brownfield sites statewide on a cost-share basis for each site in order to promote property redevelopment by community nonprofit organizations.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

(b) Protecting Dakota County Farmland and Natural Areas

$100,000 the first year and $100,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Dakota county to inventory and identify unique farmland and natural areas and to protect land through conservation easements.

(c) Urban Corridor Design

$400,000 is from the future resources fund to the University of Minnesota to develop sustainability designs for selected urban corridors. One project must be inside the metropolitan area and one project must be outside the metropolitan area.

(d) Conservation-Based Development Program

$75,000 the first year and $75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Land Trust to design four model developments and acquire conservation easements within new developments that enhance the natural, rural landscape. This appropriation must be matched by at least $65,000 of nonstate money.

(e) Chisago Lakes Outlet Channel Project

$40,000 is from the future resources fund to the commissioner of natural resources for an agreement with Chisago county to complete the final construction phase of the outlet channel at Chisago Lakes. This appropriation must be matched by at least $50,000 of nonstate money.

Subd. 9. Decision-Making Tools

	795,000	500,000

Summary by Fund

Future Resources Fund	295,000	-0-
Trust Fund	500,000	500,000

(a) Goodhue County Natural Resources Inventory and Management Plan

$75,000 is from the future resources fund to the board of water and soil resources for an agreement with Goodhue county to inventory, evaluate, and describe natural resources and create a geographic information system-based map and database. The appropriation must be matched by at least $50,000 of nonstate money.

APPROPRIATIONS
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(b) Public Access to Mineral Knowledge

$100,000 is from the future resources fund to the department of natural resources to accelerate the automation of historic mineral exploration information and to make the database accessible and searchable.

(c) Updating Outmoded Soil Surveys - Continuation

$250,000 the first year and $250,000 the second year are from the trust fund to the board of water and soil resources for the first biennium of a four biennia project to accelerate a statewide program to begin to update and digitize soil surveys in up to 25 counties, including Fillmore county. Participating counties must provide a cost share.

(d) Minnesota Environmentally Preferable Chemicals Project

$75,000 the first year and $75,000 the second year are from the trust fund to the office of environmental assistance for an agreement with the Institute for Local Self-Reliance to build an industry network of users and producers of petrochemicals and biochemicals, and to promote a shift to environmentally preferable chemicals. This appropriation must be matched by at least $40,000 of nonstate money.

(e) GIS Utilization of Historic Timberland Survey Records

$120,000 is from the future resources fund to the Minnesota Historical Society to digitize and distribute historic timberland survey records in a geographic information system format.

(f) By-Products Application to Agricultural, Mineland, and Forest Soils

$175,000 the first year and $175,000 the second year are from the trust fund to the pollution control agency for an agreement with Western Lake Superior Sanitary District to create a northeast Minnesota consortium of public utilities, wood-products, and mining industries to research environmentally sound coapplications of industrial and municipal by-products for agriculture, forestry, and mineland reclamation. This appropriation must be matched by at least $21,000 of nonstate money.

Subd. 10. Environmental Education

	2,045,000	705,000

Summary by Fund

Future Resources Fund	1,340,000	-0-
Trust Fund	705,000	705,000

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

(a) Uncommon Ground: An Educational Television Series

$200,000 the first year and $200,000 the second year are from the trust fund to the University of Minnesota for matching funding to produce a televised series of natural landscapes chronicling two centuries of change in Minnesota.

(b) Karst Education for Southeastern Minnesota

$60,000 the first year and $60,000 the second year are from the trust fund to the board of water and soil resources for an agreement with the Southeast Minnesota Water Resources Board to develop teacher training workshops, educational materials, and exhibits demonstrating the connections between land use and ground water contamination in southeastern Minnesota.

(c) Accessible Outdoor Recreation

$200,000 the first year and $200,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with wilderness inquiry to survey facilities in at least 50 state recreation units for the Minnesota guide to universal access, develop assessments of inclusion in recreation and environmental education activities, and provide opportunities for participation. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Science Outreach and Integrated Learning on Soil

$125,000 the first year and $125,000 the second year are from the trust fund to the Science Museum of Minnesota to develop a soils experiment center and demonstration plots to increase the awareness of soil science and soil health. This appropriation must be matched by at least $100,000 of nonstate money. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(e) Development and Rehabilitation of Recreational Shooting Ranges

$350,000 is from the future resources fund to the commissioner of natural resources to provide cost-share grants to local recreational shooting clubs for the purpose of developing or rehabilitating shooting sports facilities for public use. In addition to the required work program, grants may not be approved until grant proposals to be funded have been submitted to the legislative commission on Minnesota resources and the commission has approved the grants or allowed 60 days to pass.

(f) Youth Outdoor Environmental Education Program

$100,000 is from the future resources fund to the commissioner of natural resources for an agreement with Dakota county to develop youth-at-risk environmental education programs.

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(g) Twin Cities Environmental Service Learning - Continuation

$20,000 the first year and $20,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Eco Education to provide training and matching grants for student service environmental learning projects. This appropriation must be matched by at least $40,000 of nonstate money.

(h) Minnesota Whitetail Deer Resource Center Exhibits

$400,000 is from the future resources fund to the commissioner of natural resources for an agreement with the Minnesota Deer Hunters Association to construct exhibits on whitetail deer in Minnesota. This appropriation is available to the extent matched by expenditure of nonstate money on exhibits.

(i) Sustainability Forums

$100,000 the first year and $100,000 the second year are from the trust fund to the office of environmental assistance for an agreement with the Minnesota Division of the Izaak Walton League of America to conduct forums for the public and local units of government on sustainability and community-based planning objectives.

(j) Minnesota River Watershed Ecology and History Exhibit

$90,000 is from the future resources fund to the Minnesota Historical Society for an agreement with Joseph R. Brown Heritage Society to design and construct exhibits at the Joseph R. Brown Minnesota River Center.

(k) Hyland Park Environmental Center

$200,000 is from the future resources fund to the commissioner of natural resources for an agreement with Suburban Hennepin Regional Park District for predesign and design of an environmental education center in Hyland-Bush-Anderson Lakes Regional Park Reserve.

(l) Improved Shoreland Management Education

$200,000 is from the future resources fund to the board of water and soil resources for a long-term coordinated education program, with a full-time education coordinator, that promotes stewardship to protect state lakes and rivers through improved shoreland management.

Subd. 11. Benchmarks and Indicators

2,365,000 1,965,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Summary by Fund		
Future Resources Fund	200,000	-0-
Trust Fund	1,965,000	1,965,000
Great Lakes Protection Account	200,000	-0-

(a) Measuring Children's Exposures to Environmental Health Hazards

$250,000 the first year and $250,000 the second year are from the trust fund to the University of Minnesota in cooperation with the department of health to augment a federal study of exposure of children to multiple environmental hazards, to evaluate comparative health risks, and to design intervention strategies.

(b) Minnesota County Biological Survey - Continuation

$800,000 the first year and $800,000 the second year are from the trust fund to the commissioner of natural resources for the seventh biennium of a 12-biennia project to accelerate the survey that identifies significant natural areas and systematically collects and interprets data on the distribution and ecology of natural communities, rare plants, and animals.

(c) Environmental Indicators Initiative - Continuation

$200,000 the first year and $200,000 the second year are from the trust fund to the commissioner of natural resources for the third and final biennium to complete a set of statewide environmental indicators that will assist public understanding of Minnesota environmental health and the effectiveness of sustainable development efforts.

(d) Dakota County Wetland Health Monitoring Program

$80,000 the first year and $80,000 the second year are from the trust fund to the commissioner of the pollution control agency for an agreement with Dakota county to evaluate wetland health through citizen volunteers, develop wetland biodiversity projects in urban areas, and conduct public education.

(e) Predicting Water and Forest Resources Health and Sustainability

$150,000 the first year and $150,000 the second year are from the trust fund to the University of Minnesota, Natural Resources Research Institute, to assess ecosystem health using indicators and to develop models that incorporate landscape composition change.

(f) Potential for Infant Risk from Nitrate Contamination

$200,000 is from the future resources fund to the commissioner of health to study nitrate and bacteria-contaminated drinking water of infants and families at risk.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

(g) Assessing Lake Superior Waters Off the North Shore

$100,000 the first year and $100,000 the second year of this appropriation are from the trust fund, and $200,000 is from the Great Lakes protection account to the University of Minnesota Duluth for a pilot program to establish benchmark data for Lake Superior. Expenses may not include capital cost for a research vessel. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) Minnesota's Forest Bird Diversity Initiative - Continuation

$225,000 the first year and $225,000 the second year are from the trust fund to the commissioner of natural resources for the fifth biennium of a six-biennium project to establish benchmarks for using birds as ecological indicators of forest health. This appropriation must be matched by at least $80,000 of nonstate contributions. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) Farm Ponds as Critical Habitats for Native Amphibians

$125,000 the first year and $125,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Upper Mississippi Science Center to study management practices that sustain healthy populations of amphibians in southeastern Minnesota farm ponds and to recommend monitoring methods suitable for testing amphibian habitat quality. This appropriation must be matched by at least $200,000 of nonstate contributions. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Improved Minnesota Fungus Collection and Database

$35,000 the first year and $35,000 the second year are from the trust fund to the University of Minnesota to consolidate and preserve fungus specimen collections and computerize the data for use in agriculture, forestry, and recreation management.

Subd. 12. Critical Lands or Habitats

4,962,000	3,572,000

Summary by Fund

Future Resources Fund	1,390,000	-0-
Trust Fund	3,572,000	3,572,000

(a) Sustainable Woodlands and Prairies on Private Lands - Continuation

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$225,000 the first year and $225,000 the second year are from the trust fund to the commissioner of natural resources, in cooperation with the Minnesota Forestry Association and the Nature Conservancy, to develop stewardship plans for private landowners and to implement natural resource projects by providing matching money to private landowners. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) National Prairie Passage; Linking Isolated Prairie Preserves

$75,000 the first year and $75,000 the second year are from the trust fund to the commissioner of transportation to link isolated tallgrass prairie preserves with corridors of prairie. This appropriation must be matched by at least $600,000 of nonstate money.

(c) Greening the Metro Mississippi-Minnesota River Valleys

$400,000 the first year and $400,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Greening the Great River Park to implement private and public habitat projects in the Mississippi and Minnesota River Valleys. This appropriation must be matched by at least $374,000 of nonstate money and cost sharing is required for projects on private lands. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Restoring the Greater Prairie Chicken to Southwestern Minnesota

$30,000 the first year and $30,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Prairie Chicken Society to restore the greater prairie chicken to appropriate habitat.

(e) Prairie Heritage Fund - Continuation

$342,000 the first year and $342,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Pheasants Forever, Inc. to acquire and develop land for prairie grasslands and wetlands to be donated to the public. The land must be open and accessible to the public. This appropriation must be matched by at least $500,000 of money. In addition to the required work program, parcels may not be acquired until parcel lists have been submitted to the legislative commission on Minnesota resources and the commission has approved the parcel list or allowed 60 days to pass.

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(f) Public Boat Access and Fishing Piers

$500,000 the first year and $500,000 the second year are from the trust fund, and $610,000 is from the future resources fund to the commissioner of natural resources for increased access to lakes and rivers statewide through the provision of public boat access, fishing piers, and shoreline access, with approximately equal allocations for the Twin Cities metropolitan area and the remainder of the state. These appropriations are available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. $212,000 of the appropriation from the future resources fund is available immediately upon enactment.

(g) Arboretum Land Acquisition and Wetlands Restoration - Continuation

$350,000 the first year and $350,000 the second year are from the trust fund to the University of Minnesota for an agreement with the University of Minnesota Landscape Arboretum Foundation for the third biennium for land acquisition. The priority is to acquire approximately 40 acres of land within the Arboretum boundary before completing the Spring Peeper Meadow wetland restoration. This appropriation must be matched by at least $700,000 of nonstate money.

(h) Native Prairie Prescribed Burns

$225,000 the first year and $225,000 the second year are from the trust fund for a grant to the commissioner of natural resources for an agreement with the Nature Conservancy for prescribed burns of native prairie on state wildlife lands.

(i) RIM Shoreland Stabilization

$175,000 the first year and $175,000 the second year are from the trust fund to the commissioner of natural resources to complete the high priority bank stabilization on Lake Winnibigoshish and, if additional match money becomes available, to begin similar work on Lac Qui Parle Lake. This appropriation must be matched by at least $56,000 of nonstate money, and is available until June 30, 2002, when the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Enhancing Canada Goose Hunting Opportunities for Recreation and Management Purposes

$340,000 is from the future resources fund to the commissioner of natural resources for an agreement with Geese Unlimited to purchase leases and provide observational and hunting blinds for the public using volunteer labor.

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(k) Nongame Wildlife Management

$1,000,000 the first year and $1,000,000 the second year are appropriated from the trust fund to the commissioner of natural resources for the purpose of nongame wildlife management.

(l) Wildlife Habitat Acquisition and Development

$250,000 the first year and $250,000 the second year are from the trust fund to the commissioner of natural resources to acquire and protect land and to make improvements of a capital nature for the Chub lake natural area. The appropriation is available until expended and must be matched by federal or local funds totaling $500,000.

(m) Trout Stream Protection

$440,000 is from the future resources fund to the commissioner of natural resources for trout stream protection.

Subd. 13. Native Species Planting

	905,000	635,000

Summary by Fund

Future Resources Fund	270,000	-0-
Trust Fund	635,000	635,000

(a) Minnesota Releaf Matching Grant Program - Continuation

$290,000 the first year and $290,000 the second year of this appropriation are from the trust fund, and $270,000 is from the future resources fund to the commissioner of natural resources for the fourth biennium, with at least $210,000 for matching grants to local communities to protect native oak forests from oak wilt and to provide technical assistance and cost sharing with communities for tree planting and community forestry assessments. The appropriation from the future resources fund is available immediately upon enactment.

(b) Landscaping for Wildlife and Nonpoint Source Pollution Prevention

$75,000 the first year and $75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with St. Paul Neighborhood Energy Consortium to work with urban and suburban communities to expand native species planting through residential landscaping and cooperative neighborhood projects. The activities must include participant cost sharing. This appropriation must be matched by at least $24,000 of nonstate money.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

(c) Lakescaping for Wildlife and Water Quality Initiative

$70,000 the first year and $70,000 the second year are from the trust fund to the commissioner of natural resources in cooperation with the Minnesota Lakes Association to promote lakescaping for wildlife and water quality through workshops, demonstration sites, and a registry program for lakeshore owners. The activities must include participant cost sharing.

(d) Development and Assessment of Oak Wilt Biological Control Technologies - Continuation

$100,000 the first year and $100,000 the second year are from the trust fund to the University of Minnesota to evaluate biocontrol efficacy, spore mat production, and root graft barrier guidelines for oak wilt, in cooperation with the department of agriculture.

(e) Restoring Ecological Health to St. Paul's Mississippi River Bluffs

$100,000 the first year and $100,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Friends of the Parks and Trails of St. Paul and Ramsey County to inventory and restore native species, and to plan for critical greenways and natural area habitat. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 14. Native Fish

	229,000	229,000
	Summary by Fund	
Trust Fund	229,000	229,000

(a) Mussel Resource Survey

$200,000 the first year and $200,000 the second year are from the trust fund to the commissioner of natural resources for the first biennium of a three-biennium project to survey mussels statewide for resource management.

(b) Freshwater Mussel Resources in the St. Croix River

$29,000 the first year and $29,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Macalester College to continue refugia studies and assess populations for freshwater mussels.

Subd. 15. Exotic Species

	145,000	145,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Summary by Fund		
Trust Fund	145,000	145,000

(a) Biological Control of Eurasian Water Milfoil and Purple Loosestrife - Continuation

$75,000 the first year and $75,000 the second year are from the trust fund to the commissioner of natural resources for the fourth biennium of a five-biennium project to develop and implement biological controls for Eurasian water milfoil and purple loosestrife. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) Evaluate Establishment, Impact of Leafy Spurge Biocontrol Agents

$70,000 the first year and $70,000 the second year are from the trust fund to the commissioner of agriculture to study flea beetles introduced to control leafy spurge by site characterization and assessment for biological control. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 16. Data Availability Requirements

(a) During the biennium ending June 30, 2001, the data collected by the projects funded under this section that have common value for natural resource planning and management must conform to information architecture as defined in guidelines and standards adopted by the office of technology. Spatial data must conform with guidelines and standards described in the geographic data compatibility guidelines available from the land management information center. These data must be made available under the provisions of the Data Practices Act in chapter 13.

(b) For the purposes of information dissemination to the extent practicable, summary data and results of projects funded under this section should be readily accessible on the Internet. To the extent practicable, spatial data and their documentation must be made available through the Minnesota Geographic Data Clearinghouse.

(c) As part of project expenditures, recipients of land acquisition appropriations must provide the information necessary to update public recreation information maps to the department of natural resources in the specified form.

Subd. 17. Project Requirements

It is a condition of acceptance of the appropriations in this section that any agency or entity receiving the appropriation must comply with Minnesota Statutes, chapter 116P.

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Subd. 18. Match Requirements

Unless specifically authorized, appropriations in this section that must be matched and for which the match has not been committed by December 31, 1999, are canceled, and in-kind contributions may not be counted as match.

Subd. 19. Payment Conditions and Capital Equipment Expenditures

All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 1999, or the date the work program is approved, whichever is later, are eligible for reimbursement. Payment must be made upon receiving documentation that project-eligible reimbursable amounts have been expended, except that reasonable amounts may be advanced to projects in order to accommodate cash flow needs. The advances must be approved as part of the work program. No expenditures for capital equipment are allowed unless expressly authorized in the project work program.

Subd. 20. Purchase of Recycled and Recyclable Materials

A political subdivision, public or private corporation, or other entity that receives an appropriation in this section must use the appropriation in compliance with Minnesota Statutes, sections 16B.121 to 16B.123, requiring the purchase of recycled, repairable, and durable materials, the purchase of uncoated paper stock, and the use of soy-based ink, the same as if it were a state agency.

Subd. 21. Energy Conservation

A recipient to whom an appropriation is made in this section for a capital improvement project shall ensure that the project complies with the applicable energy conservation standards contained in law, including Minnesota Statutes, sections 216C.19 to 216C.21, and rules adopted thereunder. The recipient may use the energy planning and intervention and energy technologies units of the commissioner of public service to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

Subd. 22. Accessibility

New structures must be shown to meet the design standards in the Americans with Disability Act Accessibility Guidelines. Nonstructural facilities such as trails, campgrounds, picnic areas, parking, play areas, water sources, and the access routes to these features should be shown to be designed using guidelines in the Recommendations for Accessibility Guidelines: Recreational Facilities and Outdoor Developed Areas.

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Subd. 23. Year 2000 Compatible

A recipient to whom an appropriation is made in this section for computer equipment and software must ensure that the project expenditures comply with year 2000 compatible database and software.

Subd. 24. Carryforward

(a) The availability of the appropriations for the following projects is extended to June 30, 2000: Laws 1997, chapter 216, section 15, subdivision 5, paragraph (a), Ft. Snelling State Park-upper bluff utilization and AYH hostel; paragraph (c), Jeffers petroglyphs environmental assessment and prairie restoration; paragraph (g), Native American perspective of the historic north shore; subdivision 6, paragraph (g), lakeshore restoration - Minneapolis chain of lakes; subdivision 9, paragraph (a), grants to local governments to assist natural resource decision making; paragraph (e), North Minneapolis upper river master plan; paragraph (g), Miller Creek management; and paragraph (h), trout habitat preservation using alternative watershed management practices; subdivision 10, paragraph (g), Fillmore county soil survey update; subdivision 11, paragraph (a), foundations to integrated access to environmental information; subdivision 12, paragraph (a), sustainable development assistance for municipalities through electric utilities; paragraph (h), soy-based diesel fuel study; subdivision 13, paragraph (g), state wolf management: electronically moderating the discussion; subdivision 14, paragraph (f), loons: indicators of mercury in the environment; subdivision 17, paragraph (a), sustainable woodlands on private lands; and paragraph (d), prairie heritage project; subdivision 20, paragraph (a), ballast water technology demonstration for exotic species control; Laws 1995, chapter 220, section 19, subdivision 12, paragraph (a), restore historic Mississippi river mill site, as amended by Laws 1997, chapter 216, section 15, subdivision 26, paragraph (b).

(b) The availability of the appropriations for the following projects is extended to June 30, 2001: Laws 1997, chapter 216, section 15, subdivision 5, paragraph (f), historical and cultural museum on Vermilion Lake Indian Reservation; subdivision 7, paragraph (f), mercury manometers; subdivision 16, paragraph (b), Arboretum Land Acquisition.

Sec. 14. ADDITIONAL APPROPRIATIONS

The following amounts are appropriated in fiscal year 1999 from the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

$496,000 in fiscal year 1999 is added to the appropriation in Laws 1997, chapter 216, section 15, subdivision 4, paragraph (a), clause (1), for state park and recreation area acquisition.

$495,000 in fiscal year 1999 is added to the appropriation in Laws 1997, chapter 216, section 15, subdivision 4, paragraph (b), metropolitan regional park system.

Sec. 15. Minnesota Statutes 1998, section 14.386, is amended to read:

14.386 [PROCEDURE FOR ADOPTING EXEMPT RULES; DURATION.]

(a) A rule adopted, amended, or repealed by an agency, under a statute enacted after January 1, 1997, authorizing or requiring rules to be adopted but excluded from the rulemaking provisions of chapter 14 or from the definition of a rule, has the force and effect of law only if:

(1) the revisor of statutes approves the form of the rule by certificate;

(2) the office of administrative hearings approves the rule as to its legality within 14 days after the agency submits it for approval and files two copies of the rule with the revisor's certificate in the office of the secretary of state; and

(3) a copy is published by the agency in the State Register.

A statute enacted after January 1, 1997, authorizing or requiring rules to be adopted but excluded from the rulemaking provisions of chapter 14 or from the definition of a rule does not excuse compliance with this section unless it makes specific reference to this section.

(b) A rule adopted under this section is effective for a period of two years from the date of publication of the rule in the State Register. The authority for the rule expires at the end of this two-year period.

(c) The chief administrative law judge shall adopt rules relating to the rule approval duties imposed by this section and section 14.388, including rules establishing standards for review.

(d) This section does not apply to:

(1) any group or rule listed in section 14.03, subdivisions 1 and 3, except as otherwise provided by law;

(2) game and fish rules of the commissioner of natural resources adopted under section 84.027, subdivision 13, or sections 97A.0451 to 97A.0459;

(3) experimental and special management waters designated by the commissioner of natural resources under sections 97C.001 and 97C.005; ~~or~~

(4) game refuges designated by the commissioner of natural resources under section 97A.085; or

(5) transaction fees established by the commissioner of natural resources for electronic or telephone sales of licenses, stamps, permits, registrations, or transfers under section 84.027, subdivision 15, paragraph (a), clause (3).

(e) If a statute provides that a rule is exempt from chapter 14, and section 14.386 does not apply to the rule, the rule has the force of law unless the context of the statute delegating the rulemaking authority makes clear that the rule does not have force of law.

Sec. 16. Minnesota Statutes 1998, section 84.027, subdivision 15, is amended to read:

Subd. 15. [ELECTRONIC TRANSACTIONS.] (a) The commissioner may receive an application for, sell, and issue any license, stamp, permit, registration, or transfer under the jurisdiction of the commissioner by electronic means, including by telephone. Notwithstanding section 97A.472, electronic and telephone transactions may be made outside of the state. The commissioner may:

(1) provide for the electronic transfer of funds generated by electronic transactions, including by telephone;

(2) assign a license identification number to an applicant who purchases a hunting or fishing license by electronic means, to serve as temporary authorization to engage in the licensed activity until the license is received or expires;

(3) charge and permit agents to charge a fee of individuals who make electronic transactions~~;~~ and transactions by telephone, including ~~a transaction~~ the issuing fee under section 97A.485, subdivision 6, and ~~a credit card~~ an additional transaction fee not to exceed $3.50 ~~for electronic transactions~~;

(4) select up to four volunteer counties, not more than two in the metropolitan area, to participate in this pilot project and the counties shall select the participating agents; ~~and~~

(5) upon completion of a pilot project, implement a statewide system and select the participating agents; and

(6) adopt rules to administer the provisions of this subdivision.

(b) A county shall not collect a commission for the sale of licenses or permits made by agents selected by the participating counties under this subdivision.

(c) Establishment of the transaction fee under paragraph (a), clause (3), is not subject to the rulemaking procedures of chapter 14.

Sec. 17. Minnesota Statutes 1998, section 84.0855, is amended by adding a subdivision to read:

Subd. 1a. [SOFTWARE SALES.] Notwithstanding section 16B.405, the commissioner may sell or license intellectual property and software products or services developed by the department or custom developed by a vendor for the department.

Sec. 18. Minnesota Statutes 1998, section 84.0855, subdivision 2, is amended to read:

Subd. 2. [RECEIPTS; APPROPRIATION.] Money received by the commissioner under this section or to buy supplies for the use of volunteers, may be credited to one or more special accounts in the state treasury and is appropriated to the commissioner for the purposes for which the money was received. Money received from sales at the state fair shall be available for state fair related costs. Money received from sales of intellectual property and software products or services shall be available for development, maintenance, and support of software products and systems.

Sec. 19. Minnesota Statutes 1998, section 84.83, subdivision 3, is amended to read:

Subd. 3. [PURPOSES FOR THE ACCOUNT.] The money deposited in the account and interest earned on that money may be expended only as appropriated by law for the following purposes:

(1) for a grant-in-aid program to counties and municipalities for construction and maintenance of snowmobile trails, including maintenance of trails on lands and waters of Voyageurs National Park;

(2) for acquisition, development, and maintenance of state recreational snowmobile trails;

(3) for snowmobile safety programs; and

(4) for the administration and enforcement of sections 84.81 to 84.90.

Sec. 20. Minnesota Statutes 1998, section 84.83, subdivision 4, is amended to read:

Subd. 4. [PROVISIONS APPLICABLE TO FUNDING RECIPIENTS.] (a) Recipients of Minnesota trail assistance program funds must be afforded the same protection and be held to the same standard of liability as a political subdivision under chapter 466 for activities associated with the administration, design, construction, maintenance, and grooming of snowmobile trails.

(b) Recipients of Minnesota trail assistance program funds who maintain ice trails on waters of Voyageurs National Park are expressly immune from liability under section 466.03, subdivision 6e.

Sec. 21. Minnesota Statutes 1998, section 84.86, subdivision 1, is amended to read:

Subdivision 1. With a view of achieving maximum use of snowmobiles consistent with protection of the environment the commissioner of natural resources shall adopt rules in the manner provided by chapter 14, for the following purposes:

(1) Registration of snowmobiles and display of registration numbers.

(2) Use of snowmobiles insofar as game and fish resources are affected.

(3) Use of snowmobiles on public lands and waters, or on grant-in-aid trails, including, but not limited to, the use of specified metal traction devices and nonmetal traction devices.

(4) Uniform signs to be used by the state, counties, and cities, which are necessary or desirable to control, direct, or regulate the operation and use of snowmobiles.

(5) Specifications relating to snowmobile mufflers.

(6) A comprehensive snowmobile information and safety education and training program, including but not limited to the preparation and dissemination of snowmobile information and safety advice to the public, the training of snowmobile operators, and the issuance of snowmobile safety certificates to snowmobile operators who successfully complete the snowmobile safety education and training course. For the purpose of administering such program and to defray ~~a portion of the~~ expenses of training and certifying snowmobile operators, the commissioner shall collect a fee ~~of not to exceed $5~~ from each person who receives the youth and young adult training ~~and a fee established under chapter 16A from each person who receives~~ or the adult training. The commissioner shall establish a fee that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner shall deposit the fee in the snowmobile trails and enforcement account and the amount thereof is appropriated annually to the commissioner of natural resources for the administration of such programs. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this clause. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of snowmobile operators.

(7) The operator of any snowmobile involved in an accident resulting in injury requiring medical attention or hospitalization to or death of any person or total damage to an extent of $500 or more, shall forward a written report of the accident to the commissioner on such form as the commissioner shall prescribe. If the operator is killed or is unable to file a report due to incapacitation, any peace officer investigating the accident shall file the accident report within ten business days.

Sec. 22. Minnesota Statutes 1998, section 84.862, subdivision 1, is amended to read:

Subdivision 1. [YOUTH AND YOUNG ADULT SAFETY TRAINING.] Effective October 1, 1998, any resident born after December 31, 1979, who operates a snowmobile in Minnesota, must possess a valid snowmobile safety certificate or a driver's license or identification card with a valid snowmobile qualification indicator issued under section 171.07, subdivision 12. The certificate or qualification indicator may only be issued upon successful completion of ~~the~~ a course authorized under section 84.86 or 84.862, subdivision 2, if the person is 16 years of age or older.

Sec. 23. Minnesota Statutes 1998, section 84.862, subdivision 2, is amended to read:

Subd. 2. [ADULT SAFETY TRAINING.] Effective October 1, 2002, any resident born after December 31, 1976, and before December 31, 1983, who operates a snowmobile in Minnesota, must possess a valid operator's permit or driver's license or identification card with a valid snowmobile qualification indicator issued under section 171.07, subdivision 12, showing successful completion of a safety course designed for adults or persons 16 years of age or older. Whenever possible, the course shall include a riding component that stresses stopping distances.

Sec. 24. Minnesota Statutes 1998, section 84.872, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS ON OPERATION.] (a) Notwithstanding anything in section 84.87 to the contrary, no person under 14 years of age shall make a direct crossing of a trunk, county state-aid, or county highway as the operator of a snowmobile, or operate a snowmobile upon a street or highway within a municipality.

A person 14 years of age or older, but less than 18 years of age, may make a direct crossing of a trunk, county state-aid, or county highway only if the person has in immediate possession a valid snowmobile safety certificate issued by the commissioner or a ~~valid motor vehicle operator's~~ driver's license ~~issued by the commissioner of public safety or the driver's license authority of another state~~ or identification card with a valid snowmobile qualification indicator issued under section 171.07, subdivision 12.

(b) Notwithstanding section 84.862, no person under the age of 14 years shall operate a snowmobile on any public land, public easements, or water or grant-in-aid trail unless accompanied by one of the following listed persons on the same or an accompanying snowmobile, or on a device towed by the same or an accompanying snowmobile: the person's parent, legal guardian, or other person 18 years of age or older designated by the parent or guardian. However, a person 12 years of age or older but under the age of 14 years may operate a snowmobile on public lands, public easements, and waters or a grant-in-aid trail if the person has in immediate possession a valid snowmobile safety certificate issued by the commissioner or an identification card with a valid snowmobile qualification indicator issued under section 171.07, subdivision 12.

Sec. 25. Minnesota Statutes 1998, section 84.91, subdivision 1, is amended to read:

Subdivision 1. [ACTS PROHIBITED.] (a) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall authorize or permit any individual the person knows or has reason to believe is under the influence of alcohol or a controlled substance or other substance to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(b) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall knowingly authorize or permit any person, who by reason of any physical or mental disability is incapable of operating the vehicle, to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(c) A person who operates or is in physical control of a snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state is subject to sections 169.121 to 169.1218 and 169.123 to 169.129. In addition to the applicable sanctions under chapter 169, a person who is convicted of violating section 169.121 while operating a snowmobile or all-terrain vehicle, or who refuses to comply with a lawful request to submit to testing under section 169.123, shall be prohibited from operating the snowmobile or all-terrain vehicle for a period of one year. The commissioner shall notify the convicted person of the time period during which the person is prohibited from operating a snowmobile or all-terrain vehicle.

(d) Administrative and judicial review of the operating privileges prohibition is governed by section 97B.066, subdivisions 7 to 9, if the person does not have a prior impaired driving conviction or prior license revocation, as defined in section 169.121, subdivision 3. Otherwise, administrative and judicial review of the prohibition is governed by section 169.123.

(e) The court shall promptly forward to the commissioner and the department of public safety copies of all convictions and criminal and civil sanctions imposed under this section and chapter 169 relating to snowmobiles and all-terrain vehicles.

(f) A person who violates paragraph (a) or (b), or an ordinance in conformity with either of them, is guilty of a misdemeanor. A person who operates a snowmobile or all-terrain vehicle during the time period the person is prohibited from operating a vehicle under paragraph (c) is guilty of a misdemeanor.

Sec. 26. Minnesota Statutes 1998, section 84.98, subdivision 6, is amended to read:

Subd. 6. [FEES.] The commissioner may charge a fee for any service performed by the Minnesota conservation corps. Fees generated shall be deposited in a special revenue fund and appropriated to the commissioner for Minnesota conservation corps projects and administration.

Sec. 27. [ADDING LAND TO BLUE MOUNDS STATE PARK.]

[85.012] [Subd. 8.] The following area is added to Blue Mounds state park: That part of the Northeast Quarter of the Southwest Quarter and the Southeast Quarter of the Northwest Quarter of Section 13, Township 103 North, Range 45 West, Rock County, described as follows: Commencing at the southwest corner of said Northeast Quarter of the Southwest Quarter; thence on an assumed bearing of South 89 degrees 36 minutes 41 seconds East along the south line of said Northeast Quarter of the Southwest Quarter 165.00 feet to the point of beginning; thence North 00 degrees 17 minutes 27 seconds West parallel with the west line of said section 1438.74 feet to an iron stake with DNR caps; thence South 88 degrees 57 minutes 33 seconds East along an existing fence line 42.15 feet; thence South 00 degrees 30 minutes 38 seconds West along an existing fence line 1438.16 feet to the south line of said Northeast Quarter of the Southwest Quarter; thence North 89 degrees 36 minutes 41 seconds West along said south line 22.02 feet to the point of beginning.

Sec. 28. [ADDITIONS TO IRON RANGE OFF-HIGHWAY VEHICLE RECREATION AREA, ST. LOUIS COUNTY.]

Subdivision 1. [85.013] [Subd. 12a.] [IRON RANGE OFF-HIGHWAY VEHICLE RECREATION AREA, ST. LOUIS COUNTY.] The following areas are added to the Iron Range off-highway vehicle recreation area, all in St. Louis county:

(1) Section 2, Township 58 North, Range 17 West, EXCEPT: the East Half; the North Half of the Northwest Quarter; and the Southeast Quarter of the Northwest Quarter;

(2) Section 3, Township 58 North, Range 17 West, EXCEPT: the Southeast Quarter; the North Half of the Northeast Quarter; the North Half of the Northwest Quarter; Southwest Quarter of the Northwest Quarter; and the Northwest Quarter of the Southwest Quarter;

(3) Section 4, Township 58 North, Range 17 West, EXCEPT: the West Half; the Northeast Quarter; the North Half of the Southeast Quarter; and the Southwest Quarter of the Southeast Quarter;

(4) Section 8, Township 58 North, Range 17 West, EXCEPT: the West Half; the West Half of the Southeast Quarter; and the West Half of the Northeast Quarter;

(5) Section 9, Township 58 North, Range 17 West;

(6) Section 11, Township 58 North, Range 17 West, EXCEPT: the West Half of the Northwest Quarter; and the Northwest Quarter of the Southwest Quarter;

(7) Section 14, Township 58 North, Range 17 West, EXCEPT: the East Half;

(8) Section 15, Township 58 North, Range 17 West, lying North of the DM&IR grade, EXCEPT: the Southwest Quarter; and the South Half of the Northwest Quarter;

(9) Section 16, Township 58 North, Range 17 West, lying North of county road 921, EXCEPT: the East Half of the Southeast Quarter, lying North of the DM&IR grade;

(10) Section 22, Township 58 North, Range 17 West, lying North of the DM&IR grade; and

(11) Section 23, Township 58 North, Range 17 West, a 100 foot corridor of the Mesabi Trail as located between the West line of said Section 23 and Minnesota trunk highway No. 135.

Subd. 2. [ADVISORY COMMITTEE; ADDING MEMBERS.] The advisory committee created under Laws 1996, chapter 407, section 32, subdivision 4, shall continue to provide direction on the planning, development, and operation of the Iron Range off-highway vehicle recreation area, including the land added under subdivision 1. The following members are added to the advisory committee:

(1) a representative of the city council of Gilbert; and

(2) a representative of the city council of Virginia.

Subd. 3. [MINING.] The commissioner shall recognize the possibility that mining may be conducted in the future within the Iron Range off-highway vehicle area and that use of portions of the surface estate and control of the flowage of water may be necessary for future mining operations.

Subd. 4. [MANAGEMENT PLAN.] The commissioner of natural resources and the local area advisory committee shall cooperatively develop a separate comprehensive management plan for the land added to the Iron Range off-highway vehicle recreation area under subdivision 1. The management plan shall provide for:

(1) multiple use recreation for off-highway vehicles;

(2) protection of natural resources;

(3) limited timber management;

(4) mineral exploration and mining management;

(5) land acquisition needs;

(6) road and facility development; and

(7) trail and road connections between the land added under subdivision 1 and the land added by Laws 1996, chapter 407, section 32, subdivision 6.

The completed management plan, together with the management plan completed under Laws 1996, chapter 407, section 32, subdivision 5, shall serve as the master plan for the Iron Range off-highway vehicle recreation area under Minnesota Statutes, section 86A.09.

Subd. 5. [APPLICABILITY OF OTHER LAW.] Except as otherwise provided by subdivisions 2 and 4, the provisions of Laws 1996, chapter 407, section 32, apply to the land added to the Iron Range off-highway vehicle recreation area under subdivision 1.

Sec. 29. Minnesota Statutes 1998, section 85.015, is amended by adding a subdivision to read:

Subd. 21. [GITCHI-GAMI TRAIL, LAKE AND COOK COUNTIES.] (a) The trail shall originate in the city of Two Harbors and shall extend in a northeasterly direction along the shore of Lake Superior, running parallel to state highway 61 to the city of Grand Marais.

(b) The trail shall be developed primarily for hiking and bicycling.

Sec. 30. Minnesota Statutes 1998, section 85.019, subdivision 2, is amended to read:

Subd. 2. [PARKS AND OUTDOOR RECREATION AREAS.] The commissioner shall administer a program to provide grants to units of government for up to 50 percent of the costs ~~or $50,000, whichever is less,~~ of acquisition and betterment of public land and improvements needed for parks and other outdoor recreation areas and facilities.

Sec. 31. Minnesota Statutes 1998, section 85.019, is amended by adding a subdivision to read:

Subd. 4b. [REGIONAL TRAILS.] The commissioner shall administer a program to provide grants to units of government for up to 50 percent of the costs of acquisition and betterment of public land and improvements needed for trails deemed to be of regional significance according to criteria published by the commissioner. If land used for the trails is not in full public ownership, then the recipients must prove it is dedicated to the purposes of the grants for at least 20 years.

Sec. 32. Minnesota Statutes 1998, section 85.019, is amended by adding a subdivision to read:

Subd. 4c. [LOCAL TRAIL CONNECTIONS.] The commissioner shall administer a program to provide grants to units of government for up to 50 percent of the costs of acquisition and betterment of public land and improvements needed for trails that connect communities, trails, and parks and thereby increase the effective length of trail experiences. If land used for the trails is not in full public ownership, then the recipients must prove it is dedicated to the purposes of the grants for at least 20 years.

Sec. 33. Minnesota Statutes 1998, section 86B.415, subdivision 1, is amended to read:

Subdivision 1. [WATERCRAFT 19 FEET OR LESS.] The fee for a watercraft license for watercraft 19 feet or less in length is $12 except:

(1) for watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, the fee is $6;

(2) for a canoe, kayak, sailboat, sailboard, paddle boat, or rowing shell 19 feet in length or less, the fee is $7;

(3) for personal watercraft, the fee is $25;

~~(3)~~ (4) for a watercraft 19 feet in length or less used by a nonprofit corporation for teaching boat and water safety, the fee is as provided in subdivision 4; and

~~(4)~~ (5) for a watercraft owned by a dealer under a dealer's license, the fee is as provided in subdivision 5.

Sec. 34. Minnesota Statutes 1998, section 88.067, is amended to read:

88.067 [~~TRAINING OF~~ GRANTS TO LOCAL FIRE DEPARTMENTS.]

The commissioner may make grants for procurement of fire suppression equipment and training of fire departments in techniques of fire control ~~that~~. These grants will enable ~~them~~ local fire departments to assist the state more effectively in controlling wildfires. The commissioner may require a local match for any grant. Fire

suppression equipment may include, but is not limited to, fire suppression tools and equipment, protective clothing, dry hydrants, communications equipment, and conversion of vehicles to wildfire suppression vehicles. Training shall be provided to the extent practicable in coordination with other public agencies with training and educational responsibilities.

Sec. 35. Minnesota Statutes 1998, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC CAMPGROUNDS.] (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public campgrounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions the director prescribes, subject to the provisions of this section.

(b) A lease may not be for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources and shall be adjusted by the commissioner at the fifth, tenth, and 15th anniversary of the lease, if the appraised value has increased or decreased. For leases that are renewed in 1991 and following years, the lease rate shall be five percent of the appraised value of the leased land. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county. The minimum appraised value that the commissioner assigns to the leased land must be substantially equal to the county assessor's estimated market value of similar land adjusted by the assessment/sales ratio as determined by the department of revenue.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

(1) method of appraising the property; and

(2) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision must be credited to the lakeshore leasing and sales account in the permanent school fund and is appropriated for use to survey, appraise, and pay associated selling ~~and~~, leasing, or exchange costs of lots as required in this section and Minnesota Statutes 1992, section 92.67, subdivision 3. ~~The money may not be used to pay the cost of surveying lots not scheduled for sale.~~ Any money designated for deposit in the permanent school fund that is not needed to survey, appraise, and pay associated selling ~~and~~, leasing, or exchange costs of lots, as required in this section, shall be deposited in the permanent school fund. The commissioner shall add to the appraised value of any lot offered for sale or exchange the costs of surveying, appraising, and ~~selling~~ disposing of the lot, and shall first deposit into the permanent school fund an amount equal to the costs of surveying, appraising, and ~~selling~~ disposing of any lot paid out of the permanent school fund. Any remaining money shall be deposited into any other contributing funds in proportion to the contribution from each fund. In no case may the commissioner add to the appraised value of any lot offered for sale or exchange an amount more than ~~$700 for the~~ the actual contract service costs of surveying ~~and~~, appraising, and disposing of the lot.

Sec. 36. Minnesota Statutes 1998, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. [DEER AND BEAR LICENSES.] (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (4), (5), and (9), and 3, clauses (2), (3), and (7), and licenses issued under section 97B.301, subdivision 4.

(b) At least $2 from each deer license shall be used for deer habitat improvement or deer management programs.

(c) At least $1 from each deer license and each bear license shall be used for deer and bear management programs, including a computerized licensing system. Fifty cents from each deer license is appropriated for emergency deer feeding. Money appropriated for emergency deer feeding is available until expended. When the unencumbered balance in the appropriation for emergency deer feeding at the end of a fiscal year exceeds ~~$750,000~~ $1,500,000, $750,000 is canceled to the unappropriated balance of the game and fish fund ~~and the amount appropriated for emergency deer feeding is reduced to 25 cents from each deer license~~.

Sec. 37. Minnesota Statutes 1998, section 97A.475, subdivision 2, is amended to read:

Subd. 2. [RESIDENT HUNTING.] Fees for the following licenses, to be issued to residents only, are:

(1) for persons under age 65 to take small game, ~~$10~~ $13;

(2) for persons age 65 or over, ~~$5~~ $8;

(3) to take turkey, ~~$16~~ $18;

(4) to take deer with firearms, ~~$22~~ $25;

(5) to take deer by archery, ~~$22~~ $25;

(6) to take moose, for a party of not more than six persons, ~~$275~~ $310;

(7) to take bear, ~~$33~~ $38;

(8) to take elk, for a party of not more than two persons, ~~$220~~ $250;

(9) to take antlered deer in more than one zone, ~~$44~~ $50; and

(10) to take Canada geese during a special season, ~~$3~~ $4.

Sec. 38. Minnesota Statutes 1998, section 97A.475, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENT HUNTING.] Fees for the following licenses, to be issued to nonresidents, are:

(1) to take small game, ~~$56~~ $73;

(2) to take deer with firearms, ~~$110~~ $125;

(3) to take deer by archery, ~~$110~~ $125;

(4) to take bear, ~~$165~~ $195;

(5) to take turkey, ~~$56~~ $73;

(6) to take raccoon, bobcat, fox, coyote, or lynx, ~~$137.50~~ $155;

(7) to take antlered deer in more than one zone, ~~$220~~ $250; and

(8) to take Canada geese during a special season, ~~$3~~ $4.

Sec. 39. Minnesota Statutes 1998, section 97A.475, subdivision 6, is amended to read:

Subd. 6. [RESIDENT FISHING.] Fees for the following licenses, to be issued to residents only, are:

(1) to take fish by angling, for persons under age 65, ~~$15~~ $16;

(2) to take fish by angling, for persons age 65 and over, ~~$5.50~~ $8.50;

(3) to take fish by angling, for a combined license for a married couple, ~~$20.50~~ $22;

(4) to take fish by spearing from a dark house, ~~$15~~ $15.50; and

(5) to take fish by angling for a 24-hour period selected by the licensee, ~~$8~~ $8.25.

Sec. 40. Minnesota Statutes 1998, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, are:

(1) to take fish by angling, ~~$31~~ $37;

(2) to take fish by angling limited to seven consecutive days selected by the licensee, ~~$21.50~~ $26;

(3) to take fish by angling for a 72-hour period selected by the licensee, ~~$18~~ $21;

(4) to take fish by angling for a combined license for a family, ~~$41.50~~ $53;

(5) to take fish by angling for a 24-hour period selected by the licensee, ~~$8~~ $8.50; and

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, ~~$32~~ $37.

Sec. 41. Minnesota Statutes 1998, section 97A.475, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA SPORTING.] The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:

(1) for an individual, ~~$20~~ $24; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~$27.50~~ $32.

Sec. 42. Minnesota Statutes 1998, section 97A.475, subdivision 11, is amended to read:

Subd. 11. [FISH HOUSES AND DARK HOUSES; RESIDENTS.] Fees for the following licenses are:

(1) for a fish house or dark house that is not rented, ~~$10~~ $11.50; and

(2) for a fish house or dark house that is rented, ~~$23~~ $26.

Sec. 43. Minnesota Statutes 1998, section 97A.475, subdivision 12, is amended to read:

Subd. 12. [FISH HOUSES; NONRESIDENT.] Fees for fish house licenses for a nonresident are:

(1) annual, ~~$31.50~~ $33; and

(2) seven consecutive days, ~~$18.50~~ $19.

Sec. 44. Minnesota Statutes 1998, section 97A.475, subdivision 13, is amended to read:

Subd. 13. [NETTING WHITEFISH AND CISCOES FOR PERSONAL CONSUMPTION.] The fee for a license to net whitefish and ciscoes in inland lakes and international waters for personal consumption is, for each net, ~~$9~~ $10.

Sec. 45. Minnesota Statutes 1998, section 97A.475, subdivision 20, is amended to read:

Subd. 20. [TRAPPING LICENSE.] The fee for a license to trap fur-bearing animals is:

(1) for persons over age 13 and under age 18, ~~$5.50~~ $6; and

(2) for persons age 18 and older, ~~$18~~ $20.

Sec. 46. Minnesota Statutes 1998, section 97A.485, subdivision 12, is amended to read:

Subd. 12. [YOUTH DEER LICENSE.] The commissioner may, for a fee of ~~$5~~ $5.50, issue to a resident under the age of 16 a license, without a tag, to take deer with firearms. A youth holding a license issued under this subdivision may hunt under the license only if accompanied by a licensed hunter who is at least 18 years of age and possesses a valid tag. A deer taken by a youth holding a license issued under this subdivision must be promptly tagged by the licensed hunter accompanying the youth. Section 97B.301, subdivision 6, does not apply to a youth holding a license issued under this subdivision.

Sec. 47. Minnesota Statutes 1998, section 97B.020, is amended to read:

97B.020 [FIREARMS SAFETY CERTIFICATE REQUIRED.]

Except as provided in this section, a person born after December 31, 1979, may not obtain a license to take wild animals by firearms~~. A person may obtain a hunting license if~~ unless the person has a firearms safety certificate or equivalent certificate, driver's license or identification card with a valid firearms safety qualification indicator issued under section 171.07, subdivision 13, previous hunting license, or other evidence indicating that the person has completed in this state or in another state a hunter safety course recognized by the department under a reciprocity agreement. A person who is on active duty and has successfully completed basic training in the United States armed forces, reserve component, or national guard may obtain a hunting license or approval authorizing hunting regardless of whether the person is issued a firearms safety certificate.

Sec. 48. Minnesota Statutes 1998, section 103B.227, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF BOARD VACANCIES.] Appointing authorities for watershed management organization board members shall publish a notice of vacancies resulting from expiration of members' terms and other reasons. The notices must be published at least once in a newspaper of general circulation in the watershed management organization area. The notices must state that persons interested in being appointed to serve on the watershed management organization board may submit their names to the appointing authority for consideration. After December 31, 1999, staff of local units of government that are members of the watershed management organization are not eligible to be appointed to the board. Published notice of the vacancy must be given at least 15 days before an appointment or reappointment is made.

Sec. 49. Minnesota Statutes 1998, section 103C.401, is amended by adding a subdivision to read:

Subd. 3. [GENERAL SERVICES ALLOCATION.] Subject to an appropriation by law for this purpose, the board shall provide an annual allocation of general services funding for each organized district in the state. If county funding for a district is reduced from the previous fiscal year funding level, the allocation under this subdivision must be reduced by an equal amount.

Sec. 50. [103F.191] [BLUE EARTH RIVER BASIN INITIATIVE BOUNDARIES.]

For the purposes of sections 103F.191 to 103F.197, the term "Blue Earth river basin initiative" means the area within the watersheds of rivers and streams that are tributaries of the Minnesota river from the south through the city of Mankato. Major rivers included within the watershed are the LeSueur, Blue Earth, and Watonwan and their tributaries. All of Watonwan county and parts of Blue Earth, Brown, Cottonwood, Faribault, Freeborn, Jackson, LeSueur, Martin, Steele, and Waseca counties are included in the boundary area.

Sec. 51. [103F.192] [PROGRAM.]

There shall be a state grant-in-aid program of providing financial assistance to the Blue Earth river basin initiative for administrative costs associated with the implementation of conservation practices.

Sec. 52. [103F.193] [AID FORMULA.]

Grants may be made by the board of water and soil resources to a local governmental unit for the purposes of sections 103F.191 to 103F.197.

Sec. 53. [103F.194] [OPERATION WITHIN AN AGENCY.]

Subdivision 1. [BOARD OF WATER AND SOIL RESOURCES.] The board of water and soil resources shall supervise the grant-in-aid program pursuant to sections 103F.191 to 103F.197.

Subd. 2. [PROCEDURES AND FORMS.] The board shall devise procedures and forms for application for grants by the local units of government, and review of and decisions on the applications by the state board.

Sec. 54. [103F.195] [CONDITIONS FOR GRANTS.]

Subdivision 1. [LOCAL EXPRESSION OF WILLINGNESS.] The local unit of government shall apply for a grant by a resolution requesting state funding assistance for administrative costs associated with the implementation of conservation practices within its jurisdiction.

Subd. 2. [GENERAL PLAN.] The Blue Earth river basin initiative shall demonstrate that it has a general plan for water management. The general plan shall be in conformity with the policy and objectives of this chapter and shall, where reasonable and practicable, include nonstructural means of water management.

Sec. 55. [103F.196] [INTERSTATE COOPERATION.]

The board of water and soil resources and the Blue Earth river basin initiative may enter into a working agreement with Iowa in regard to implementing conservation practices pursuant to sections 103F.191 to 103F.197 that involve the territory of the state of Iowa as well as this state.

Sec. 56. [103F.197] [REPORT TO THE LEGISLATURE.]

When the project has been in operation for a period of two years, the board of water and soil resources and the Blue Earth river basin initiative shall prepare and deliver a report to the legislature on the program and its consequences with an evaluation of the feasibility and benefit of continuing the project.

Sec. 57. Minnesota Statutes 1998, section 115.55, subdivision 5a, is amended to read:

Subd. 5a. [INSPECTION CRITERIA FOR EXISTING SYSTEMS.] (a) An inspection of an existing system must evaluate the criteria in paragraphs (b) to ~~(h)~~ (j).

(b) If the inspector finds one or more of the following conditions:

(1) sewage discharge to surface water;

(2) sewage discharge to ground surface;

(3) sewage backup; or

(4) any other situation with the potential to immediately and adversely affect or threaten public health or safety,

then the system constitutes an imminent threat to public health or safety and, if not repaired, must be upgraded, replaced, or its use discontinued within ten months of receipt of the notice described in subdivision 5b, or within a shorter period of time if required by local ordinance.

(c) An existing system that has none of the conditions in paragraph (b), and has at least two feet of soil separation need not be upgraded, repaired, replaced, or its use discontinued, notwithstanding any local ordinance that is more restrictive.

(d) Paragraph (c) does not apply to systems in shoreland areas regulated under sections 103F.201 to 103F.221, wellhead protection areas as defined in section 103I.005, or those used in connection with food, beverage, and lodging establishments regulated under chapter 157.

(e) If the local unit of government with jurisdiction over the system has adopted an ordinance containing local standards pursuant to subdivision 7, the existing system must comply with the ordinance. If the system does not comply with the ordinance, it must be upgraded, replaced, or its use discontinued according to the ordinance.

(f) If a seepage pit, drywell, cesspool, or leaching pit exists and the local unit of government with jurisdiction over the system has not adopted local standards to the contrary, the system is failing and must be upgraded, replaced, or its use discontinued within the time required by subdivision 3 or local ordinance.

(g) If the system fails to provide sufficient groundwater protection, then the local unit of government or its agent shall order that the system be upgraded, replaced, or its use discontinued within the time required by rule or the local ordinance.

(h) The authority to find a threat to public health under section 145A.04, subdivision 8, is in addition to the authority to make a finding under paragraphs (b) to (d).

(i) Local inspectors must use the standard inspection form provided by the agency. The inspection information required by local ordinance may be included as an attachment to the standard form. The following language must appear on the standard form: "If an existing system is not failing as defined in law, and has at least two feet of design soil separation, then the system need not be upgraded, repaired, replaced, or its use discontinued, notwithstanding any local ordinance that is more strict. This does not apply to systems in shoreland areas, wellhead protection areas, or those used in connection with food, beverage, and lodging establishments as defined in law."

(j) For the purposes of this subdivision, an "existing system" means a functioning system installed prior to April 1, 1996.

Sec. 58. Minnesota Statutes 1998, section 115A.02, is amended to read:

115A.02 [LEGISLATIVE DECLARATION OF POLICY; PURPOSES.]

(a) It is the goal of this chapter to protect the state's land, air, water, and other natural resources and the public health by improving waste management in the state to serve the following purposes:

(1) reduction in the amount and toxicity of waste generated;

(2) separation and recovery of materials and energy from waste;

(3) reduction in indiscriminate dependence on disposal of waste;

(4) coordination of solid waste management among political subdivisions; and

(5) orderly and deliberate development and financial security of waste facilities including disposal facilities.

(b) The waste management goal of the state is to foster an integrated waste management system in a manner appropriate to the characteristics of the waste stream and thereby protect the state's land, air, water, and other natural resources and the public health. The following waste management practices are in order of preference:

(1) waste reduction and reuse;

(2) waste recycling;

(3) composting of yard waste and food waste;

(4) resource recovery through mixed municipal solid waste composting or incineration; ~~and~~

(5) land disposal which involves the retrieval of methane gas as a fuel for the production of energy to be used on-site or for sale; and

(6) land disposal which does not involve the retrieval of methane gas as a fuel for the production of energy to be used on-site or for sale.

Sec. 59. Minnesota Statutes 1998, section 115A.554, is amended to read:

115A.554 [AUTHORITY OF SANITARY DISTRICTS.]

A sanitary district has the authorities and duties of counties within the district's boundary for purposes of sections 115A.0716; 115A.46, subdivisions 4 and 5; 115A.48; 115A.551; 115A.552; 115A.553; 115A.919; ~~115A.929;~~ 115A.93; 115A.96, subdivision 6; 115A.961; 116.072; 375.18, subdivision 14; 400.08; 400.16; and 400.161.

Sec. 60. Minnesota Statutes 1998, section 115A.918, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] The definitions in this section apply to this section and sections 115A.919 to ~~115A.929~~ 115A.923.

Sec. 61. Minnesota Statutes 1998, section 115B.42, is amended to read:

115B.42 [SOLID WASTE FUND.]

Subdivision 1. [ESTABLISHMENT; APPROPRIATION; SEPARATE ACCOUNTING.] (a) The solid waste fund is established in the state treasury. The fund consists of money credited to the fund and interest earned on the money in the fund. Except as provided in subdivision 2, ~~clause~~ clauses (7) and (8), money in the fund is annually appropriated to the commissioner for the purposes listed in subdivision 2.

(b) The commissioner of finance shall separately account for revenue deposited in the fund from financial assurance funds or other mechanisms, the metropolitan landfill contingency action trust fund, and all other sources of revenue.

Subd. 2. [EXPENDITURES.] (a) Money in the fund may be spent by the commissioner to:

(1) inspect permitted mixed municipal solid waste disposal facilities to:

(i) evaluate the adequacy of final cover, slopes, vegetation, and erosion control;

(ii) determine the presence and concentration of hazardous substances, pollutants or contaminants, and decomposition gases; and

(iii) determine the boundaries of fill areas;

(2) monitor and take, or reimburse others for, environmental response actions, including emergency response actions, at qualified facilities;

(3) acquire and dispose of property under section 115B.412, subdivision 3;

(4) recover costs under section 115B.39;

(5) administer, including providing staff and administrative support for, sections 115B.39 to 115B.445;

(6) enforce sections 115B.39 to 115B.445;

(7) subject to appropriation, administer the agency's groundwater and solid waste management programs;

(8) subject to appropriation, pay for private water supply monitoring and health assessment costs of the commissioner of health in areas contaminated by unpermitted mixed municipal solid waste disposal facilities;

(9) reimburse persons under section 115B.43; and

~~(9)~~ (10) reimburse mediation expenses up to a total of $250,000 annually or defense costs up to a total of $250,000 annually for third-party claims for response costs under state or federal law as provided in section 115B.414.

Sec. 62. [115B.421] [CLOSED LANDFILL INVESTMENT FUND.]

The closed landfill investment fund is established in the state treasury. The fund consists of money credited to the fund, and interest and other earnings on money in the fund. The commissioner of finance shall transfer an initial amount of $5,100,000 from the balance in the solid waste fund beginning in fiscal year 2000 and shall continue to transfer $5,100,000 for each following fiscal year, ceasing after 2003. The fund shall be managed to maximize long-term gain through the state board of investment. Money in the fund may be spent by the commissioner after fiscal year 2020 in accordance with section 115B.42, subdivision 2, clauses (1) to (6).

Sec. 63. [116.915] [MERCURY REDUCTION.]

Subdivision 1. [GOAL.] It is the goal of the state to reduce mercury contamination by reducing the release of mercury into the air and water of the state by 60 percent from 1990 levels by December 31, 2000, and by 70 percent from 1990 levels by December 31, 2005. The goal applies to the statewide total of releases from existing and new sources of mercury. The commissioner shall publish updated estimates of 1990 releases in the State Register.

Subd. 2. [REDUCTION STRATEGIES.] The commissioner shall implement the strategies recommended by the mercury contamination reduction initiative advisory council and identified on pages 31 to 42 of the Minnesota pollution control agency's report entitled "Report on the Mercury Contamination Reduction Initiative Advisory Council's Results and Recommendations" as transmitted to the legislature by the commissioner's letter dated March 15, 1999. The commissioner shall solicit by July 1, 1999, voluntary reduction agreements from sources that emit more than 50 pounds of mercury per year.

Subd. 3. [PROGRESS REPORTS.] The commissioner, in cooperation with the director of the office of environmental assistance, shall submit progress reports to the legislature on October 15, 2001, and October 15, 2005. The reports shall address the state's success in meeting the mercury release reduction goals of subdivision 1, and discuss whether different voluntary or mandatory reduction strategies are needed. The reports shall also discuss whether the reduction goals are still appropriate given the most recent information regarding mercury risks.

Sec. 64. Minnesota Statutes 1998, section 116G.151, is amended to read:

116G.151 [REQUIRED ENVIRONMENTAL ASSESSMENT WORKSHEET; FACILITIES IN MISSISSIPPI RIVER AREA.]

(a) Until completion of an environmental assessment worksheet that complies with the rules of the environmental quality board and this section, a state or local agency may not issue a permit for construction or operation of a metal materials shredding project with a processing capacity in excess of 20,000 tons per month that would be located in the Mississippi river critical area, as described in section 116G.15, upstream from United States Corps of Engineers Lock and Dam Number One.

(b) Notwithstanding any other statute, rule, or local ordinance, resolution, or moratorium, upon completion of an environmental assessment worksheet and issuance of a negative declaration, whether the completion and issuance occurs prior to the effective date of this section or thereafter, all state and local authorities, agencies, and jurisdictions must issue all permits, licenses, and variances that are necessary or convenient for the completion of any project or development under this section within 60 days after issuance of the negative declaration or 30 days from the effective date of this section.

(c) The pollution control agency is the responsible governmental unit for the preparation of an environmental assessment worksheet required under this section.

~~(c)~~ (d) In addition to the contents required under law and rule, an environmental assessment worksheet completed under this section must also include the following major categories:

(1) effects of operation of the project, including vibrations and airborne particulates and dust, on the Mississippi river;

(2) effects of operation of the project, including vibrations and airborne particulates and dust, on adjacent businesses and on residents and neighborhoods;

(3) effects of operation of the project on barge and street traffic;

(4) discussion of alternative sites considered by the project proposer for the proposed project, possible design modifications including site layout, and the magnitude of the project;

(5) mitigation measures that could eliminate or minimize any adverse environmental effects of the proposed project;

(6) impact of the proposed project on the housing, park, and recreational use of the river;

(7) effects of waste and implication of the disposal of waste generated from the proposed project;

(8) effects on water quality from the project operations, including wastewater generated from operations of the proposed project;

(9) potential effects from fugitive emissions, fumes, dust, noise, and vibrations from project operations;

(10) compatibility of the existing operation and proposed operation with other existing uses;

(11) the report of the expert required by paragraph ~~(g)~~ (h).

~~(d)~~ (e) In addition to the publication and distribution provisions relating to environmental assessment worksheets under law and rule, notice of environmental assessment worksheets performed by this section shall also be published in a newspaper of general circulation as well as community newspapers in the affected neighborhoods.

~~(e)~~ (f) A public meeting in the affected communities must be held on the environmental assessment worksheet prepared under this section. After the public meeting on the environmental assessment worksheet, there must be an additional 30-day period for review and comment on the environmental assessment worksheet.

~~(f)~~ (g) If the pollution control agency determines that information necessary to make a reasonable decision about potential of significant environmental impacts is insufficient, the agency shall make a positive declaration and proceed with an environmental impact statement.

~~(g)~~ (h) The pollution control agency shall retain an expert in the field of toxicology who is capable of properly analyzing the potential effects and content of any airborne particulates, fugitive emissions, and dust that could be produced by a metal materials shredding project. The pollution control agency shall obtain any existing reports or documents from a governmental entity or project proposer that analyzes or evaluates the potential hazards of airborne particulates, fugitive emissions, or dust from the construction or operation of a metal materials shredding project in preparing the environmental assessment worksheet. The agency and the expert shall prepare, as part of the report, a risk assessment of the types of metals permitted to be shredded as compared to the types of materials that are likely to be processed at the facility. In performing the risk assessment, the agency and the expert must consider any actual experience at similar facilities. The report must be included as part of the environmental assessment worksheet.

~~(h)~~ (i) All negative declarations and permits issued by the pollution control agency and all other permits and licenses for projects to which this section applies may not be stayed in any manner by any litigation or appeal of any action of the agency by any party, whether the litigation or appeal is filed or perfected prior to or after the effective date of this section, unless the court of appeals finds clear and convincing evidence that a stay is necessary to prevent substantial damage to the environment and also requires a surety bond from the appellants in the amount of all lost profits and other damages established by the permittee by a preponderance of the evidence.

(j) If the pollution control agency determines that under the rules of the environmental quality board an environmental impact statement should be prepared, the pollution control agency shall be the responsible governmental unit for preparation of the environmental impact statement.

(k) A person aggrieved by a final decision of the pollution control agency or the commissioner of the pollution control agency with respect to any project to which this section applies may obtain judicial review with the court of appeals pursuant to sections 14.63 to 14.69 and may not obtain judicial review in state district court or under any other section of state law. Notwithstanding the time requirements of section 14.63, an aggrieved person may file an appeal with the court of appeals of a decision of the pollution control agency or the commissioner of the pollution control agency covered by this section and which is the subject of a pending district court action as of the effective date of this section within 30 days after the effective date of this section. Notwithstanding section 14.69, the standard of review applied by the court of appeals to appeals filed under this section shall be: (1) with regard to factual issues, whether the agency decision is arbitrary or capricious and without a rational basis; and (2) with regard to legal issues, whether the agency decision is in violation of constitutional provisions, in excess of statutory authority or jurisdiction of the agency, or otherwise contrary to law. This paragraph applies to any actions pending in state district court for which there has not been a final decision on the merits as of the effective date of this section and any appeal of a decision by the pollution control agency or the commissioner of the pollution control agency subject to this section after its effective date.

(l) If, in an environmental assessment worksheet, the pollution control agency has considered the factors set forth in paragraph (d), as they relate to a project covered by this section, and the environmental assessment worksheet demonstrates that the project will comply with applicable air emissions and water discharge standards, then a decision by the pollution control agency or the commissioner of the pollution control agency regarding the need for further environmental review and any findings in an environmental assessment worksheet are deemed valid and not arbitrary or capricious or without a rational basis.

Sec. 65. Minnesota Statutes 1998, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] (a) As used in this section:

(1) "Prior impaired driving conviction" means a prior conviction under:

(i) this section; Minnesota Statutes 1996, section 84.91, subdivision 1, paragraph (a), or 86B.331, subdivision 1, paragraph (a); section 169.1211; section 169.129; or section 360.0752;

(ii) section 609.21, subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6); or

(iii) an ordinance from this state, or a statute or ordinance from another state, in conformity with any provision listed in item (i) or (ii).

A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult.

(2) "Prior license revocation" means a driver's license suspension, revocation, cancellation, denial, or disqualification under:

(i) this section or section 169.1211, 169.123, 171.04, 171.14, 171.16, 171.165, 171.17, or 171.18 because of an alcohol-related incident;

(ii) section 609.21, subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6); or

(iii) an ordinance from this state, or a statute or ordinance from another state, in conformity with any provision listed in item (i) or (ii).

"Prior license revocation" also means the revocation of snowmobile or all-terrain vehicle operating privileges under section 84.911, or motorboat operating privileges under section 86B.335, for violations that occurred on or after August 1, ~~1995~~ 1994; the revocation of snowmobile or all-terrain vehicle operating privileges under section 84.91; or the revocation of motorboat operating privileges under section 86B.331.

(b) A person who violates subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), or subdivision 1a, or an ordinance in conformity with any of them, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor under any of the following circumstances:

(1) the person violates subdivision 1, clause (f);

(2) the person violates subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), or subdivision 1a, within five years of a prior impaired driving conviction or a prior license revocation;

(3) the person violates section 169.26 while in violation of subdivision 1; or

(4) the person violates subdivision 1 or 1a while a child under the age of 16 is in the vehicle, if the child is more than 36 months younger than the violator.

A person convicted of a gross misdemeanor under this paragraph is subject to the mandatory penalties provided in subdivision 3d.

(d) A person is guilty of an enhanced gross misdemeanor under any of the following circumstances:

(1) the person violates subdivision 1, clause (f), or commits a violation described in paragraph (c), clause (3) or (4), within ten years of one or more prior impaired driving convictions or prior license revocations;

(2) the person violates subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), or subdivision 1a, within ten years of the first of two or more prior impaired driving convictions, two or more prior license revocations, or any combination of two or more prior impaired driving convictions and prior license revocations, based on separate incidents.

A person convicted of an enhanced gross misdemeanor under this paragraph may be sentenced to imprisonment in a local correctional facility for not more than two years or to payment of a fine of not more than $3,000, or both. Additionally, the person is subject to the applicable mandatory penalties provided in subdivision 3e.

(e) The court shall notify a person convicted of violating subdivision 1 or 1a that the registration plates of the person's motor vehicle may be impounded under section 168.042 and the vehicle may be subject to forfeiture under section 169.1217 upon a subsequent conviction for violating this section, section 169.129, or section 171.24, or a subsequent license revocation under section 169.123. The notice must describe the conduct and the time periods within which the conduct must occur in order to result in plate impoundment or forfeiture. The failure of the court to provide this information does not affect the applicability of the plate impoundment or the forfeiture provision to that person.

(f) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor and enhanced gross misdemeanor violations of this section.

(g) The court must impose consecutive sentences when it sentences a person for a violation of this section or section 169.129 arising out of separate behavioral incidents. The court also must impose a consecutive sentence when it sentences a person for a violation of this section or section 169.129 and the person, at the time of sentencing, is on probation for, or serving, an executed sentence for a violation of this section or section 169.129 and the prior sentence involved a separate behavioral incident. The court also may order that the sentence imposed for a violation of this section or section 169.129 shall run consecutively to a previously imposed misdemeanor, gross misdemeanor, or felony sentence for a violation other than this section or section 169.129.

(h) When the court stays the sentence of a person convicted under this section, the length of the stay is governed by section 609.135, subdivision 2.

(i) The court may impose consecutive sentences for offenses arising out of a single course of conduct as permitted in section 609.035, subdivision 2.

(j) When an attorney responsible for prosecuting gross misdemeanors or enhanced gross misdemeanors under this section requests criminal history information relating to prior impaired driving convictions from a court, the court must furnish the information without charge.

(k) A violation of subdivision 1a may be prosecuted either in the jurisdiction where the arresting officer observed the defendant driving, operating, or in control of the motor vehicle or in the jurisdiction where the refusal occurred.

Sec. 66. Minnesota Statutes 1998, section 169.1217, subdivision 7a, is amended to read:

Subd. 7a. [ADMINISTRATIVE FORFEITURE PROCEDURE.] (a) A motor vehicle used to commit a designated offense or used in conduct resulting in a designated license revocation is subject to administrative forfeiture under this subdivision.

(b) When a motor vehicle is seized under subdivision 2, the appropriate agency shall serve the driver or operator of the vehicle with a notice of the seizure and intent to forfeit the vehicle. Additionally, when a motor vehicle is seized under subdivision 2, or within a reasonable time after that, all persons known to have an ownership or possessory interest in the vehicle must be notified of the seizure and the intent to forfeit the vehicle. Notice mailed by certified mail to the address shown in department of public safety records is sufficient notice to the registered owner of the vehicle. Otherwise, notice may be given in the manner provided by law for service of a summons in a civil action.

(c) The notice must be in writing and contain:

(1) a description of the vehicle seized;

(2) the date of seizure; and

(3) notice of the right to obtain judicial review of the forfeiture and of the procedure for obtaining that judicial review, printed in English, Hmong, and Spanish. Substantially the following language must appear conspicuously: "IF YOU DO NOT DEMAND JUDICIAL REVIEW EXACTLY AS PRESCRIBED IN MINNESOTA STATUTES, SECTION 169.1217, SUBDIVISION 7a, YOU LOSE THE RIGHT TO A JUDICIAL DETERMINATION OF THIS FORFEITURE AND YOU LOSE ANY RIGHT YOU MAY HAVE TO THE ABOVE DESCRIBED PROPERTY. YOU MAY NOT HAVE TO PAY THE FILING FEE FOR THE DEMAND IF DETERMINED YOU ARE UNABLE TO AFFORD THE FEE. YOU DO NOT HAVE TO PAY THE FILING FEE IF THE PROPERTY IS WORTH LESS THAN $500 AND YOU FILE YOUR CLAIM IN CONCILIATION COURT."

(d) Within 30 days following service of a notice of seizure and forfeiture under this subdivision, a claimant may file a demand for a judicial determination of the forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the prosecuting authority having jurisdiction over the forfeiture, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property is less than $500, the claimant may file an action in conciliation court for recovery of the seized vehicle without paying the conciliation court filing fee. No responsive pleading is required of the prosecuting authority and no court fees may be charged for the prosecuting authority's appearance in the matter. Except as provided in this section, judicial reviews and hearings are governed by section 169.123, subdivisions 5c and 6, and shall take place at the same time as any judicial review of the person's license revocation under section 169.123. The proceedings may be combined with any hearing on a petition filed under section 169.123, subdivision 5c, and are governed by the rules of civil procedure.

(e) The complaint must be captioned in the name of the claimant as plaintiff and the seized vehicle as defendant, and must state with specificity the grounds on which the claimant alleges the vehicle was improperly seized and the plaintiff's interest in the vehicle seized. Notwithstanding any law to the contrary, an action for the return of a vehicle seized under this section may not be maintained by or on behalf of any person who has been served with a notice of seizure and forfeiture unless the person has complied with this subdivision.

(f) If the claimant makes a timely demand for a judicial determination under this subdivision, the appropriate agency must conduct the forfeiture under subdivision 8.

(g) If a demand for judicial determination of an administrative forfeiture is filed under this subdivision and the court orders the return of the seized vehicle, the court shall order that filing fees be reimbursed to the person who filed the demand. In addition, the court may order the payment of reasonable costs, expenses, and attorney fees under section ~~549.21, subdivision 2~~ 549.211.

Sec. 67. Minnesota Statutes 1998, section 169.1217, subdivision 9, is amended to read:

Subd. 9. [DISPOSITION OF FORFEITED VEHICLE.] (a) If the vehicle is administratively forfeited under subdivision 7a, or if the court finds under subdivision 8 that the vehicle is subject to forfeiture under subdivisions 6 and 7, the appropriate agency shall:

(1) sell the vehicle and distribute the proceeds under paragraph (b); or

(2) keep the vehicle for official use. If the agency keeps a forfeited motor vehicle for official use, it shall make reasonable efforts to ensure that the motor vehicle is available for use by the agency's officers who participate in the drug abuse resistance education program.

(b) The proceeds from the sale of forfeited vehicles, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the treasury of the political subdivision that employs the appropriate agency responsible for the forfeiture for use in DWI-related enforcement, training and education. If the appropriate agency is an agency of state government, the net proceeds must be forwarded to the state treasury and credited to the ~~general fund.~~

~~(c) The proceeds from the sale of forfeited off-road recreational vehicles and motorboats, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the state treasury and credited to the~~ following funds:

(1) if the forfeited vehicle is a motorboat, the net proceeds must be credited to the water recreation account in the natural resources fund;

(2) if the forfeited vehicle is a snowmobile, the net proceeds must be credited to the snowmobile trails and enforcement account in the natural resources fund;

(3) if the forfeited vehicle is an all-terrain vehicle, the net proceeds must be credited to the all-terrain vehicle account in the natural resources fund;

(4) if the forfeited vehicle is an off-highway motorcycle, the net proceeds must be credited to the off-highway motorcycle account in the natural resources fund;

(5) if the forfeited vehicle is an off-road vehicle, the net proceeds must be credited to the off-road vehicle account in the natural resources fund; and

(6) if otherwise, the net proceeds must be credited to the general fund.

Sec. 68. Minnesota Statutes 1998, section 169.123, subdivision 1, is amended to read:

Subdivision 1. [PEACE OFFICER DEFINED.] For purposes of this section, section 169.121, and section 169.1211, the term peace officer means (1) a state patrol officer, (2) University of Minnesota peace officer, (3) a constable as defined in section 367.40, subdivision 3, (4) police officer of any municipality, including towns having powers under section 368.01, or county, and (5) for purposes of violations of those sections in or on an off-road recreational vehicle or motorboat, or for violations of section 97B.065 or 97B.066, a state conservation officer.

Sec. 69. Minnesota Statutes 1998, section 171.07, subdivision 12, is amended to read:

Subd. 12. [SNOWMOBILE SAFETY CERTIFICATE.] (a) The department shall maintain in its records information transmitted electronically from the commissioner of natural resources identifying each person to whom the commissioner has issued a snowmobile safety certificate. The records transmitted from the department of natural resources must contain the full name and date of birth as required for the driver's license or identification card. Records that are not matched to a driver's license or identification card record may be deleted after seven years.

(b) After receiving information under paragraph (a) that a person has received a snowmobile safety certificate, the department shall include, on all drivers' licenses or Minnesota identification cards subsequently issued to the person, a graphic or written indication that the person has received the certificate.

(c) If a person who has received a snowmobile safety certificate applies for a driver's license or Minnesota identification card before that information has been transmitted to the department, the department may accept a copy of the certificate as proof of its issuance and shall then follow the procedures in paragraph (b).

Sec. 70. Minnesota Statutes 1998, section 171.07, subdivision 13, is amended to read:

Subd. 13. [FIREARMS SAFETY DESIGNATION.] (a) When an applicant has a record transmitted to the department as described in paragraph (c) or presents a firearms safety certificate issued for successfully completing a firearms safety course administered under section 97B.015, ~~voluntarily~~ and requests a driver's license or identification card described in paragraph (b), ~~pays the required fees, and otherwise qualifies,~~ the department shall issue, renew, or reissue to the applicant a driver's license or Minnesota identification card described in paragraph (b).

(b) Pursuant to paragraph (a), the department shall issue a driver's license or Minnesota identification card bearing a ~~designation or symbolic representation, as designed by the commissioner in consultation with the commissioner of natural resources, indicating~~ graphic or written indication that the applicant has successfully completed a firearms safety course ~~and is knowledgeable in firearms safety~~ administered under section 97B.015.

(c) The department shall maintain in its records information transmitted electronically from the commissioner of natural resources identifying each person to whom the commissioner has issued a firearms safety certificate. The records transmitted from the department of natural resources must contain the full name and date of birth as required for the driver's license or identification card. Records that are not matched to a driver's license or identification card record may be deleted after seven years.

Sec. 71. Minnesota Statutes 1998, section 290.431, is amended to read:

290.431 [NONGAME WILDLIFE CHECKOFF.]

Every individual who files an income tax return or property tax refund claim form may designate on their original return that $1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management of nongame wildlife. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into the nongame wildlife management account. The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame program of the section of wildlife in the department of natural resources. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.

The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.

Sec. 72. Minnesota Statutes 1998, section 290.432, is amended to read:

290.432 [CORPORATE NONGAME WILDLIFE CHECKOFF.]

A corporation that files an income tax return may designate on its original return that $1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that corporation and paid into the nongame wildlife management account established by section 290.431 for use by the section of wildlife in the department of natural resources for its nongame wildlife program. The commissioner of revenue shall, on the corporate tax return, notify filers of their right to designate that a portion of their tax return be paid into the nongame wildlife management account for the protection of endangered natural resources. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be spent unless the commission has approved the work program.

The state pledges and agrees with all corporate contributors to the nongame wildlife account to use the funds contributed solely for the nongame wildlife program and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of those programs.

Sec. 73. Minnesota Statutes 1998, section 297H.13, subdivision 5, is amended to read:

Subd. 5. [REPORT ON RECEIPTS.] The commissioner of revenue shall report to the chairs of the house and senate environment and natural resources committees; the house environment and natural resources finance division; the senate environment and agriculture budget division; the house tax committee and the senate taxes and tax laws committee; the commissioner of the pollution control agency; and the director of the office of environmental assistance on the total tax revenues received from the taxes imposed under this chapter. The reports shall be made as follows:

(1) a report by ~~May 31, 1998,~~ July 31 of each year based on amounts received by the commissioner of revenue from ~~January 1, 1998, through April 30, 1998~~ January 1 through June 30 of that year; and

(2) a report by ~~September 30, 1998,~~ January 31 of each year based on amounts received by the commissioner of revenue from ~~May 1, 1998, through August 31, 1998; and~~

~~(3) a report by January 31, 1999, based on amounts received by the commissioner of revenue from September 1, 1998, through December 31, 1998~~ July 1 through December 31 of the preceding year.

Sec. 74. Minnesota Statutes 1998, section 325E.11, is amended to read:

325E.11 [COLLECTION FACILITIES; NOTICE.]

(a) Any person selling at retail or offering motor oil or motor oil filters for retail sale in this state shall:

(1) post a notice indicating the nearest location where used motor oil and used motor oil filters may be returned at no cost for recycling or reuse~~.~~;

(2) post a toll-free telephone number that may be called by the public to determine a convenient location~~.~~; or

(3) post a listing of locations where used motor oil and used motor oil filters may be returned at no cost for recycling or reuse~~; or~~

~~(2) if the person is subject to section 325E.112, post a notice informing customers purchasing motor oil or motor oil filters of the location of the used motor oil and used motor oil filter collection site established by the retailer in accordance with section 325E.112 where used motor oil and used motor oil filters may be returned at no cost.~~

(b) A notice under paragraph (a) shall be posted on or adjacent to the motor oil and motor oil filter displays, be at least 8-1/2 inches by 11 inches in size, contain the universal recycling symbol with the following language:

(1) "It is illegal to put used oil and used motor oil filters in the garbage.";

(2) "Recycle your used oil and used motor oil filters."; and

(3)(i) "There is a free collection site here for your used oil and used motor oil filters.";

(ii) "There is a free collection site for used oil and used motor oil filters located at (name of business and street address).";

(iii) "For the location of a free collection site for used oil and used motor oil filters call (toll-free phone number).";
or

(iv) "Here is a list of free collection sites for used oil and used motor oil filters."

(c) The division of weights and measures under the department of public service shall enforce compliance with this section as provided in section 239.54. The pollution control agency shall enforce compliance with this section under sections 115.071 and 116.072 in coordination with the division of weights and measures.

Sec. 75. Minnesota Statutes 1998, section 325E.112, subdivision 1, is amended to read:

Subdivision 1. [COLLECTION SITE GOAL.] ~~[COLLECTION.] (a) Retailers that sell at an individual location more than 1,000 motor oil filters per calendar year at retail for off-site installation must provide for collection of used motor oil and used motor oil filters from the public. Retailers who do not collect the used motor oil and used motor oil filters at their individual locations may meet the requirement by entering into a written agreement with another party whose location is:~~

~~(1) within two miles of the retailer's location if the retailer is located:~~

~~(i) within the Interstate Highway 494/694 beltway;~~

~~(ii) in a home rule charter or statutory city or a town contiguous to the Interstate Highway 494/694 beltway; or~~

~~(iii) in a home rule charter or statutory city of over 30,000 population within the metropolitan area as defined in section 473.121; or~~

~~(2) within five miles of the retailer's location if the retailer is not in an area described in clause (1).~~

~~(b) The written agreement must specify that the other party will accept from the public up to ten gallons of used motor oil and ten used motor oil filters per person per month during normal hours of operation unless:~~

~~(1) the used motor oil is known to be contaminated with antifreeze, other hazardous waste, or other materials which may increase the cost of used motor oil management and disposal;~~

~~(2) the storage equipment for that particular waste is temporarily filled to capacity; or~~

~~(3) the used motor oil or used motor oil filters are from a business.~~

~~(c) Persons accepting used motor oil from the public in accordance with this subdivision shall presume that the used motor oil is not contaminated with hazardous waste, provided the person offering the used motor oil is acting in good faith and the person accepting the used motor oil does not have evidence to the contrary. Persons collecting used motor oil from the public must take precautions to prevent contamination of used motor oil storage equipment. Precautions may include, but are not limited to, keeping a log of persons dropping off used motor oil, securing access to used motor oil storage equipment, or posting signage at the site indicating the proper use of the equipment.~~

~~(d) Persons accepting used motor oil and used motor oil filters under paragraph (a), including persons accepting the oil and filters on behalf of the retailer, may not charge a fee when accepting ten gallons or less of used motor oil or ten or fewer used motor oil filters per person per month.~~

~~(e) Persons that receive contaminated used motor oil may manage the used motor oil as household hazardous waste through publicly administered household hazardous waste collection programs, with approval from the household hazardous waste program. Used motor oil contaminated with hazardous waste from the public that cannot be managed through a household hazardous waste collection program must be managed as a hazardous waste in accordance with rules adopted by the pollution control agency.~~ Motor oil and motor oil filter manufacturers and retailers shall seek to provide:

(1) access to at least one nongovernment site for collection of used motor oil and used motor oil filters from the public every five square miles in the seven-county metropolitan area; and

(2) access to a nongovernment site for collection of used motor oil and used motor oil filters from the public within the city or town with a population of greater than 1,500 outside the seven-county metropolitan area.

Sec. 76. Minnesota Statutes 1998, section 325E.112, subdivision 2, is amended to read:

Subd. 2. [REIMBURSEMENT PROGRAM.] A contaminated used motor oil reimbursement program is established to provide reimbursement of the costs of disposing of contaminated used motor oil. In order to receive reimbursement, persons who accept used motor oil from the public ~~or parties that they have contracted with to accept used motor oil~~ must provide to the commissioner of the pollution control agency proof of contamination, information on methods the person used to prevent the contamination of used motor oil at the site, a copy of the billing for disposal costs incurred because of the contamination and proof of payment, and a copy of the hazardous waste manifest or shipping paper used to transport the waste. The commissioner shall reimburse a recipient of contaminated used motor oil 100 percent of the costs of properly disposing of the contaminated used motor oil. The commissioner may not reimburse persons who intentionally place contaminants or do not take precautions to prevent contaminants from being placed in used motor oil, or operate a private collection site that:

(1) is not publicly promotable or listed with the agency;

(2) does not accept up to five gallons of used motor oil and five used motor oil filters per person per day without charging a fee; or

(3) does not control access to the site during times when the site is closed.

A person operating a collection site may refuse to accept any used motor oil or used motor oil filter:

(1) that is from a business;

(2) that appears to be contaminated with antifreeze, hazardous waste, or other materials that may increase the cost of used motor oil management and disposal; or

(3) when the storage equipment for that particular waste is temporarily filled.

Persons operating government collection sites are eligible for reimbursement of the costs of disposing of contaminated used motor oil. Reimbursements made under this subdivision are limited to the money available in the contaminated used motor oil reimbursement account.

Sec. 77. Minnesota Statutes 1998, section 325E.112, subdivision 3, is amended to read:

Subd. 3. [EDUCATION PROGRAM.] ~~When the~~ By June 30 of each year, the commissioner ~~estimates that all~~ shall estimate the amount of funds available under section 325E.113 that will not be expended for reimbursements~~, the commissioner may use the estimated unexpended funds~~ and shall transfer all or a portion of the estimated unexpended funds to the office of environmental assistance to cover the costs of educating the public and businesses on the provisions of this section and on proper management of used motor oil, used motor oil filters, and other automotive wastes. In coordination with the pollution control agency, county solid waste administrators, used motor oil and used motor oil filter collection site operators, and manufacturers and retailers of motor oil and motor oil filters, the director of the office of environmental assistance shall educate the public and businesses on the proper management of used motor oil, used motor oil filters, and other automotive wastes. As part of the education efforts, the director shall make information available to the public and businesses regarding the proper management of used motor oil, used motor oil filters, and other automotive wastes on the office's World Wide Web page. The commissioner of the pollution control agency shall also make information regarding the proper management of used motor oil, used motor oil filters, and other automotive wastes available on the agency's World Wide Web page.

Sec. 78. Minnesota Statutes 1998, section 325E.112, subdivision 4, is amended to read:

Subd. 4. [LIABILITY EXEMPTION.] Persons who accept used motor oil and used motor oil filters from the public and retailers and manufacturers who contract with such persons for purposes of subdivision 1 are exempt from liability under chapter 115B for the used motor oil, contaminated used motor oil, and used motor oil filters accepted ~~under the provisions of subdivision 1~~ at facilities that accept used motor oil or used motor oil filters from the public free of charge, after the used motor oil, contaminated used motor oil, and used motor oil filters are sent off-site in compliance with rules adopted by the pollution control agency.

Sec. 79. Minnesota Statutes 1998, section 325E.113, is amended to read:

325E.113 [CONTAMINATED USED MOTOR OIL REIMBURSEMENT ACCOUNT.]

The contaminated used motor oil reimbursement account is established in the environmental fund. Money in the account is appropriated to the commissioner of the pollution control agency for the commissioner's activities under section 325E.112 and to complete the study required by section 86, except that the commissioner may not expend more than $50,000 for the study required by section 86.

Sec. 80. Minnesota Statutes 1998, section 574.263, is amended to read:

574.263 [~~FORESTRY~~ NATURAL RESOURCE DEVELOPMENT PROJECTS.]

Subdivision 1. [DEFINITION.] For the purposes of this section and section 574.264, "~~forestry~~ natural resource development project" includes site preparation by discing, shearing, rock raking or piling, patch scarification, or furrowing; prairie restoration; creation of wildlife openings and other wildlife habitat improvements; landscape clearing; tree planting; tree seeding; tree pruning; timber stand improvement by thinning or clearing existing forest trees by manual, mechanical, or chemical techniques; or ~~forest road and bridge~~ construction, reconstruction, and maintenance of department of natural resources trails, public accesses, water control structures, fish barriers, sewage treatment systems, roads, and bridges.

Subd. 2. [CONTRACTOR'S BOND.] A contract with the state for a ~~forestry~~ natural resource development project may require a performance bond at the discretion of the commissioner of natural resources. If the commissioner determines that a performance bond is required, it shall not be less than five percent of the contract price.

Subd. 3. [BID DEPOSIT IN PLACE OF PERFORMANCE BOND.] For a contract made by the commissioner for a ~~forestry~~ natural resource development project, the commissioner may require a bid deposit in place of a performance bond for charges that may accrue because of doing the specified work and to enforce the terms of the contract. The commissioner may set the amount of the bid deposit, but it may not be less than five percent of the contract price.

Subd. 4. [PAYMENT BOND.] A contract with the state for a ~~forestry~~ natural resource development project may require a payment bond at the discretion of the commissioner of natural resources. If the commissioner determines that a payment bond is required, the commissioner also has the discretion to decide whether the bond may be in the form of securities in place of a bond as provided in section 574.264. If so, the securities cannot have less value than five percent of the contract price.

Sec. 81. Minnesota Statutes 1998, section 574.264, subdivision 1, is amended to read:

Subdivision 1. [~~FOREST~~ NATURAL RESOURCE DEVELOPMENT PROJECTS.] In place of a performance or payment bond or bid deposit for a state contract for a ~~forestry~~ natural resource development project less than $50,000, the person required to file the bond or bid deposit may deposit in a local designated state depository or with the state treasurer a certified check, a cashier's check, a postal, bank, or express money order, assignable bonds or notes of the United States, or an assignment of a bank savings account or investment certificate or an irrevocable bank letter of credit, in the same amount that would be required for the bond or bid deposit. If securities

listed in this section are deposited, their value shall not be less than the amount required for the bond or bid deposit and the person required to file the bond or bid deposit shall submit an agreement authorizing the commissioner to sell or otherwise take possession of the securities in the event of default under the contract or nonpayment of any persons furnishing labor and materials under, or to perform, the contract.

Sec. 82. Laws 1995, chapter 220, section 142, as amended by Laws 1995, chapter 263, section 12, and Laws 1996, chapter 351, section 1, is amended to read:

Sec. 142. [EFFECTIVE DATES.]

Sections 2, 5, 7, 20, 42, 44 to 49, 56, 57, 101, 102, 117, and 141, paragraph (d), are effective the day following final enactment.

Sections 114, 115, 118, and 121 are effective January 1, 1996.

Sections 120, subdivisions 2, 3, 4, and 5, and 141, paragraph (c), are effective July 1, 1996.

Section 141, paragraph (b), is effective ~~June 30, 1999~~ December 31, 1999.

Sections 58 and 66 are effective retroactively to August 1, 1991.

Section 119 is effective September 1, 1996.

Section 120, subdivision 1, is effective July 1, 1999.

Sec. 83. Laws 1996, chapter 351, section 2, as amended by Laws 1997, chapter 216, section 141, is amended to read:

Sec. 2. [RECYCLING ~~GOALS AND~~ ACTIONS.]

Subdivision 1. (a) ~~The following recycling or reuse goals shall be considered met if the actions in this subdivision are initiated by the identified parties on or before September 1, 1997, and are fully completed by December 31, 1998. Additionally, the goals in paragraph (b) must be met in at least 50 percent of counties by December 31, 1997; 75 percent by June 1, 1998; and 100 percent by December 31, 1998.~~

~~(b) Motor oil and motor oil filter manufacturers and retailers shall ensure that:~~

~~(1) at least 90 percent of residents within the seven-county metropolitan area and residents of a city or town with a population greater than 1,500 have access to a free nongovernment collection site for used motor oil and used motor oil filters within five miles of their residences; and~~

~~(2) at least one free nongovernment collection site for used motor oil and used motor oil filters generated by the public would be located in each county.~~

~~(c)~~ Motor oil and motor oil filter manufacturers and retailers shall inform the public about environmental problems associated with improper disposal of used motor oil and used motor oil filters and proper disposal practices for used motor oil and used motor oil filters. At a minimum, this shall include public service announcements designed to reach residents of the state that generate used motor oil and used motor oil filters.

~~(d)~~ (b) The ~~commissioner of the pollution control agency~~ director of the office of environmental assistance shall, ~~by December 31, 1997, and~~ at least annually ~~thereafter~~ or more frequently if deemed necessary, request motor oil and motor oil filter manufacturers and retailers, persons who haul used motor oil and used motor oil filters, and nongovernment persons who accept used motor oil and used motor oil filters from the public to provide an updated list of all existing sites that collect used motor oil, used motor oil filters, or both, from the public, delineating for

public promotion which sites collect for free. ~~The commissioner shall use this information to determine whether the parties identified in paragraph (b) have met the goals listed in that paragraph. A collection site operated by the state or a political subdivision, as defined in Minnesota Statutes, section 115A.03, subdivision 24, may be counted towards meeting recycling goals, provided that the parties responsible for meeting the goals of this subdivision voluntarily reimburse the state or political subdivision for all of the costs at that collection site that are associated with used motor oil and used motor oil filter recycling.~~ Persons who accept used motor oil and used motor oil filters from the public shall cooperate with manufacturers and retailers of motor oil and motor oil filters to inform the ~~agency~~ office of environmental assistance within ~~ten~~ 30 days of initiating or ceasing to collect used motor oil or used motor oil filters from the public. The information shall be provided in a form and manner prescribed by the ~~commissioner~~ director of the office of environmental assistance. Using the information provided under this paragraph, the director of the office of environmental assistance shall prepare and make available to the public a list of all existing sites that collect used motor oil, used motor oil filters, or both from the public. The list must include all sites in the state, including both government and nongovernment collection sites and both sites that accept used motor oil or used motor oil filters free of charge or for a fee. The director shall update the list at least annually.

~~(c)~~ (c) Motor oil filter manufacturers shall disclose to retailers whether lead has been intentionally introduced in manufacturing, and retailers shall not knowingly sell motor oil filters containing lead intentionally introduced in manufacturing.

Subd. 2. The commissioner of the pollution control agency may appoint an advisory group of diverse interests to assist the agency with experimentation with various approaches to public education, financial incentives, waste management, and other issues that might affect the effectiveness of recycling efforts. ~~The commissioner may request parties responsible for meeting the recycling goals in subdivision 1 to voluntarily pay for some of the experimentation costs. The existence of this advisory group in no way relieves the parties identified in subdivision 1 of responsibility for meeting the goals listed in that subdivision.~~ The commissioner of the pollution control agency shall appoint an advisory group chair.

~~Subd. 3. By January 15, 1999, the commissioner of the pollution control agency shall report to the environment and natural resources committees of the senate and the house of representatives on the amount of used motor oil and used motor oil filters being recycled and whether the goals in subdivision 1 have been met and recommend whether the mandate for retailers of motor oil and filters described in Minnesota Statutes, section 325E.112, subdivision 1, is needed to achieve the recycling goals.~~

Sec. 84. Laws 1998, chapter 404, section 7, subdivision 23, is amended to read:

Subd. 23. Metro Regional Trails 5,000,000

For grants to the metropolitan council for acquisition and development of a capital nature of trail connections in the metropolitan area as specified in this subdivision. The purpose of the grants is to improve trails in the metropolitan park and open space system and connect them with existing state and regional trails. Priority shall be given to matching funds for an ISTEA grant.

The funds shall be allocated by the council as follows:

(1) $1,050,000 is allocated to Ramsey county as follows:

(i) $400,000 to complete six miles of trails between the Burlington Northern Regional Trail and Bald Eagle-Otter Lake Regional Park;

(ii) $150,000 to complete a one-mile connection between Birch Lake and the Lake Tamarack segment of Bald Eagle-Otter Lake Regional Park;

(iii) $500,000 to acquire real property and design and construct or renovate recreation facilities along the Mississippi River in cooperation with the city of St. Paul;

(2) $1,050,000 is allocated to the city of St. Paul as follows:

(i) $250,000 to construct a bridge over Lexington Parkway in Como Regional Park; and

(ii) $800,000 to enhance amenities for the trailhead at the Lilydale-Harriet Island Regional Park pavilion;

(3) $1,400,000 is allocated to Anoka county ~~as follows~~ to construct:

(i) ~~$1,100,000 to construct~~ a pedestrian tunnel under Highway 65 on the Rice Creek West Regional Trail in the city of Fridley; and

(ii) ~~$300,000 to construct~~ a pedestrian bridge on the Mississippi River Regional Trail crossing over Mississippi Street in the city of Fridley; and

(4) $1,500,000 is allocated to the suburban Hennepin regional park district as follows:

(i) $1,000,000 to connect North Hennepin Regional Trail to Luce Line State Trail and Medicine Lake; and

(ii) $500,000 is for the cost of development and acquisition of the Southwest regional trail in the city of St. Louis Park. The trail must connect the Minneapolis regional trail system at Cedar Lake park to the Hennepin parks regional trail system at the Hopkins trail head.

Sec. 85. Laws 1998, chapter 404, section 7, subdivision 26, is amended to read:

Subd. 26. Local Initiative Grants 8,000,000

For matching grants to be provided to local units of government for acquisition, development, or renovation of a capital nature of local parks, trails, and natural and scenic areas. Recipients must provide a match of at least one-half of total eligible project costs. The commissioner shall make payment to local units of government upon receiving documentation of reimbursable expenditures. The commissioner shall determine project priorities as appropriate based upon need.

$3,500,000 of this appropriation is for grants to units of government to acquire and develop outdoor recreation areas, and for grants to units of government to acquire and better natural and scenic areas under Minnesota Statutes, section 85.019, subdivision 4a.

$1,000,000 of this appropriation is for cooperative trail grants of up to $50,000 per project to acquire or construct trail linkages between communities, trails, and parks.

$3,500,000 of this appropriation is for trail grants for the following locally funded publicly owned trails serving multiple communities: $1,400,000 for Beaver Island Trail in Stearns County, $1,400,000 for Skunk Hollow Trail in Yellow Medicine and Chippewa Counties, and $700,000 for Unity Trail in Faribault County. The grant for Beaver Island Trail in Stearns County is available in the manner and the order that follows: $500,000 is available upon commitment of an equal amount from nonstate sources, $152,000 is available upon contribution of an equal amount from local governments, $374,000 is available upon commitment of an equal amount from nonstate sources, and the balance of $374,000 is available upon commitment of an equal amount from nonstate sources.

Sec. 86. [ANALYSIS OF USED OIL FILTER DISPOSAL METHODS.]

In consultation with the office of environmental assistance, representatives of motor oil manufacturers, representatives of motor oil filter manufacturers, representatives of site that accept used motor oil and used motor oil filters from the public, and representatives of the haulers of mixed municipal solid waste, the commissioner of the pollution control agency shall analyze the technical feasibility of alternative methods of disposing of and recycling of used oil motor filters. The commissioner shall report to the chairs of the house and senate committees with jurisdiction over environmental policy and finance issues by January 15, 2001 on the findings of the analysis performed under this section and any recommendations.

Sec. 87. [PRIVATE CONVEYANCE OF STATE LAND; ROCK COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources may sell the state-owned land described in paragraph (c) by private sale to the adjacent landowner east of the township road.

(b) The consideration for the sale shall be the land's appraised value as certified by the state and the conveyance shall be in a form approved by the attorney general.

(c) The land to be sold is located in Rock county, consists of 0.6 acres, more or less, and is described as:

That part of the Northwest Quarter of Section 13, Township 103 North, Range 45 West, described as follows:

Commencing at the West Quarter corner of Section 13; thence North 00 degrees 17 minutes 27 seconds West (assumed bearing) along the west line of the Northwest Quarter of said section a distance of 128.17 feet to the point of beginning; thence continuing North 00 degrees 17 minutes 27 seconds West along said west line a distance of 11.84 feet to a point 140.00 feet north of the south line of the Northwest Quarter of said section and the northwest corner of that certain tract of land conveyed to the state of Minnesota by final certificate, filed for record in the office of the Rock county recorder on May 19, 1938, in Book "M" of Miscl., pages 515-517; thence South 89 degrees 28 minutes 55 seconds East parallel with the south line of the Northwest Quarter of said section and along the north line of said tract a distance of 1474.45 feet to the northeast corner of said tract; thence South 00 degrees 17 minutes 27 seconds East parallel with the west line of said section and along the east line of said tract a distance of 25.29 feet to an iron stake with DNR caps; thence North 88 degrees 57 minutes 33 seconds West along an existing fence line a distance of 1092.38 feet to Point A and an iron stake; thence continuing North 88 degrees 57 minutes 33 seconds West along said fence line extended a distance of 382.32 feet to said point of beginning.

Said tract is subject to a roadway easement and any other easements of record if any.

(d) The deed from the commissioner shall include the following restrictive covenant: that part of the above described tract of land lying easterly of and within 60 feet of Point A shall be maintained in tall grass cover with no use for livestock purposes. A breach of such restrictive covenant shall result in the automatic reversion of the restricted land to the state.

Sec. 88. [RULEMAKING AUTHORITY REVOKED.]

Subdivision 1. [AUTHORITY REVOKED.] Notwithstanding other law to the contrary, the commissioner of natural resources is without authority to adopt the rules proposed in the State Register, volume 23, pages 751 to 763, October 5, 1998.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective retroactively to October 4, 1998.

Sec. 89. [FARMSTEAD WINDBREAK RULES.]

The board of water and soil resources must adopt rules to implement a cost-share program for farmstead windbreaks.

Sec. 90. [ANALYSIS OF ELECTRONIC DEVICES.]

The commissioner of natural resources shall assess the use of electronic devices used in consumptive activities related to fish and wildlife resources through creel surveys, other user surveys, or point of license purchase. The commissioner shall report to the legislature by January 15, 2000, the findings of the surveys and provide an analysis of the feasibility of assessing the impact of current and anticipated use of electronic devices on fish and wildlife resources.

Sec. 91. [CONSERVATION LICENSE STUDY.]

The commissioner of natural resources shall conduct a study on the feasibility of creating a conservation angling license that imposes lower catch limits. The study must at a minimum address whether a conservation angling license would substantially preserve fish resources, evaluate the fiscal impact of such a license on the game and fish fund, and recommend a fee for the license. The commissioner shall report the study findings and recommendations to the legislature by January 15, 2000.

Sec. 92. [STATE PARK LIFETIME PASS.]

The commissioner of natural resources must study the concept and possibility of a lifetime state park entrance pass for residents. The commissioner must address the cost of a lifetime pass, the incentive it may create for more residents to purchase a pass, and any possible gain or loss to state park income.

Sec. 93. [COMMISSIONER'S ORDERS RESCINDED.]

The commissioner of natural resources' order of January 3, 1999, designating certain lands as wildlife management areas is rescinded.

Sec. 94. [STUDY COMMITTEE REGARDING NEED FOR CENTRAL COLLECTION WASTEWATER TREATMENT SYSTEM.]

The commissioner of the Minnesota pollution control agency shall convene a committee of interested persons to address the need for central collection wastewater treatment systems in unsewered areas. The committee shall evaluate the effectiveness of alternative system designs and identify regulatory and other barriers to cost-efficient design and construction. The commissioner shall report the results of the committee's evaluation to the house and senate committees with jurisdiction over environmental policy and budget issues.

Sec. 95. [REPEALER.]

Minnesota Statutes 1998, sections 86B.415, subdivision 7a; 115A.929; 115A.9651; 115A.981; 297H.13, subdivision 6; and 473.845, subdivision 2, are repealed effective the day following final enactment. Minnesota Statutes 1998, sections 1.31; and 325E.112, subdivision 5, are repealed effective July 1, 1999. Minnesota Statutes 1998, section 84B.11, is repealed effective June 30, 2000.

Sec. 96. [EFFECTIVE DATE.]

Sections 15 to 18, 21 to 25, 34, 35, 47, 58 to 72, 73, 80 to 82, 85, 88, and 92 are effective on the day following final enactment. Section 33 is effective January 1, 2000. Sections 37 to 45 are effective March 1, 2000.

ARTICLE 2

AGRICULTURE

Section 1. [AGRICULTURE APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively.

SUMMARY BY FUND

	1999	2000	2001	TOTAL
General	$ -0-	$35,426,000	$30,684,000	$66,110,000
Special Revenue		10,267,000	10,441,000	20,708,000
Environmental		336,000	342,000	678,000
TOTAL	$ -0-	$46,029,000	$41,467,000	$87,496,000

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001
Sec. 2. AGRICULTURE		
Subdivision 1. Total Appropriation	$38,632,000	$34,016,000
Summary by Fund		
General	28,229,000	23,433,000
Special Revenue	10,067,000	10,241,000
Environmental	336,000	342,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Protection Service		
	21,515,000	21,873,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Summary by Fund		
General	11,253,000	11,432,000
Special Revenue	9,926,000	10,099,000
Environmental	336,000	342,000

$336,000 the first year and $342,000 the second year are from the environmental response, compensation, and compliance account in the environmental fund.

The amounts listed in paragraphs (a) to (h) are from the accounts in the special revenue fund for the purposes indicated. If the commissioner determines that expenditures must be increased above the amount appropriated for the purpose indicated, and if receipts plus accumulated balances in the account are adequate, the amount of the excess is appropriated after the proposed increase has been submitted for review to the chairs of the house ways and means committee, the house agriculture and rural development finance committee, the senate state government finance committee, and the senate environment and agriculture budget division.

(a) $4,466,000 the first year and $4,554,000 the second year are from the pesticide regulatory account established under Minnesota Statutes, section 18B.131, for administration and enforcement of Minnesota Statutes, chapter 18B.

(b) $1,034,000 the first year and $1,055,000 the second year are from the fertilizer inspection account established under Minnesota Statutes, section 18C.131, for the administration and enforcement of Minnesota Statutes, chapter 18C.

(c) $374,000 the first year and $380,000 the second year are from the seed potato inspection account established under Minnesota Statutes, section 21.115, for the administration and enforcement of Minnesota Statutes, sections 21.111 to 21.122.

(d) $766,000 the first year and $782,000 the second year are from the seed inspection account established under Minnesota Statutes, section 21.92, for the administration and enforcement of Minnesota Statutes, sections 21.80 to 21.92.

(e) $763,000 the first year and $780,000 the second year are from the commercial feed inspection account established under Minnesota Statutes, section 25.39, subdivision 4, for the administration and enforcement of Minnesota Statutes, sections 25.35 to 25.44.

(f) $536,000 the first year and $547,000 the second year are from the fruit and vegetable inspection account established under Minnesota Statutes, section 27.07, subdivision 6, for the administration and enforcement of Minnesota Statutes, section 27.07.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

(g) $1,656,000 the first year and $1,662,000 the second year are from the dairy services account established under Minnesota Statutes, section 32.394, subdivision 9, for the administration and enforcement of Minnesota Statutes, chapter 32.

(h) $331,000 the first year and $339,000 the second year are from the livestock weighing account established under Minnesota Statutes, section 17A.11, for the administration and enforcement of Minnesota Statutes, chapter 17A.

$200,000 the first year shall be transferred to the seed potato inspection fund and used for the administration and enforcement of Minnesota Statutes, sections 21.80 to 21.92. This appropriation is to supplement the fees paid by seed potato growers. This is a one-time appropriation.

$100,000 the first year is to conduct a predesign study for a joint agency laboratory that will serve the environmental laboratory needs of the department of agriculture, department of natural resources, pollution control agency, and the Minnesota department of health. This is a one-time appropriation.

$25,000 the first year and $25,000 the second year are for expenses associated with the licensing and management of cervidae shooting preserves in section 12. This is a one-time appropriation.

$250,000 the first year and $50,000 the second year shall be transferred to the grain inspection account to replace revenues lost due to poor yields and low market prices for grains during 1999. This is a one-time appropriation.

$30,000 the first year and $30,000 the second year are to replace cuts in federal funding for the elevator inspection program. This is a one-time appropriation.

$158,000 the first year and $158,000 the second year are for payment of claims relating to livestock damaged by threatened or endangered animal species and agricultural crops damaged by elk. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. This is not a one-time appropriation.

Subd. 3. Agricultural Marketing and Development

	10,757,000	6,009,000
	Summary by Fund	
General	10,616,000	5,867,000
Special	141,000	142,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

$141,000 the first year and $142,000 the second year are from the commodities research and promotion account established in Minnesota Statutes, section 17.59, subdivision 5. If the commissioner determines that expenditures must be increased above the amount appropriated, and if receipts plus accumulated balances in the account are adequate, the amount of the excess is appropriated after the proposed increase has been submitted for review to the chair of the house ways and means committee, the house agriculture and rural development finance committee, the senate state government finance committee, and the senate environment and agriculture budget division.

$25,000 the first year and $25,000 the second year are for a grant to the University of Minnesota for research on grazing or organic farming. This is a one-time appropriation.

Notwithstanding Minnesota Statutes, section 41A.09, subdivision 3a, the total payments from the ethanol development account to all producers may not exceed $74,117,000 for the biennium ending June 30, 2001. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis. In fiscal year 2000, the commissioner shall first reimburse producers for eligible unpaid claims accumulated through June 30, 1999.

$200,000 the first year is for a loan from the rural finance authority to an entity that develops a facility that uses poultry litter as a fuel for the generation of electricity. Principal and interest payments on the loan must be deposited in the general fund.

$300,000 the first year is for an operating loan from the rural finance authority to a cooperative association organized under Minnesota Statutes, chapter 308A, for development and operation of a livestock packing plant. Principal and interest payments on the loan must be deposited in the general fund.

$50,000 the first year is for the commissioner, in consultation with the commissioner of economic development, to conduct a study of the need for a commercial shipping port at which agricultural cooperatives or individual farmers would have access to port facilities.

$300,000 the first year is for an operating loan from the rural finance authority to a cooperative association organized under Minnesota Statutes, chapter 308A, for development and operation of an alfalfa pelletizing plant. Principal and interest payments on the loan must be deposited in the general fund.

Notwithstanding the transfers from the ethanol development fund to the general fund required under Laws 1997, chapter 216, section 17, and Laws 1998, chapter 401, section 10, $500,000 must be retained in the ethanol development fund until June 30, 2000. This sum is available for making one additional loan under Minnesota Statutes, section 41B.044. This provision is effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

$1,500,000 the first year is for a grant to a qualified institution or organization to pursue further research on diseases of soybeans including, but not limited to, soybean cyst nematode (SCN), white mold (sclerotinia stem rot), phytophthora root rot (PRR), and iron deficiency chlorosis. $300,000 of this appropriation may be designated for research on specialty gene traits of soybeans. This is a one-time appropriation.

$100,000 the first year is for a grant to a qualified institution to fund research on turkey respiratory disease control and prevention. This appropriation is in addition to other public and nonpublic money for turkey research. This is a one-time appropriation.

$100,000 the first year is for a grant to a qualified institution to fund research on potato aphids. This appropriation is in addition to other public and nonpublic money for potato aphid research. This is a one-time appropriation.

$120,000 the first year is for a grant to the University of Minnesota extension service for its farm safety and health program. This is a one-time appropriation.

$400,000 the first year and $100,000 the second year are to establish an agricultural water quality and quantity management, research, demonstration, and education program. Of this biennial appropriation, $250,000 is for projects at the Lamberton site and $250,000 is for projects at the Waseca site. The commissioner may contract with the University of Minnesota or others for the implementation of parts of the program. If the appropriation for either is insufficient, the appropriation for the other year is available. This is a one-time appropriation.

$500,000 the first year is for a grant to the University of Minnesota for the agricultural experiment stations. This amount must be distributed to the stations in equal amounts and must be used for agricultural crop and livestock research projects. This is a one-time appropriation.

$300,000 the first year is for a grant to the Minnesota agriculture education leadership council for a planning grant for an urban agricultural high school. This appropriation is available until June 30, 2001. This is a one-time appropriation.

$75,000 the first year and $75,000 the second year are for grants to the Minnesota agriculture education leadership council for grants to schools and community organizations for agricultural education programs. This is a one-time appropriation.

$900,000 the first year and $462,000 the second year are to the commissioner of agriculture for programs to aggressively promote, develop, expand, and enhance the marketing of agricultural products from Minnesota producers and processors. The commissioner must enter into collaborative efforts with the department of trade and economic development, the world trade

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

center corporation, and other public or private entities knowledgeable in market identification and development. The commissioner may also contract with or make grants to public or private organizations involved in efforts to enhance communication between producers and markets and organizations that identify, develop, and promote the marketing of Minnesota agricultural crops, livestock, and produce in local, regional, national, and international marketplaces. Grants may be provided to appropriate organizations including those functioning as marketing clubs, to a cooperative known as Minnesota Marketplace, and to recognized associations of producers or processors of organic foods or Minnesota grown specialty crops. Beginning October 15, 1999, and 15 days after the close of each calendar quarter thereafter, the commissioner shall provide to the senate and house committees with jurisdiction over agriculture policy and funding interim reports of the progress toward accomplishing the goals of this item. The commissioner shall deliver a final report on March 1, 2001. If the appropriation for either year is insufficient, the appropriation for the other year is available. This is a one-time appropriation that remains available until expended.

$30,000 the first year is for staff support and other expenses of the roundtable to assess producer production contracts under section 58. This appropriation is available until June 30, 2001. This is a one-time appropriation.

$40,000 the first year and $10,000 the second year are for development of a site on the Internet for extending "Ag in the Classroom" information and materials and maintenance of the site. This is a one-time appropriation.

$125,000 the first year and $125,000 the second year are for a grant to the University of Minnesota to employ and support a senior researcher in plant genetics for additional research on the development of scab-resistant wheat varieties. This is a one-time appropriation.

$400,000 the first year is for a grant to the Minnesota state colleges and universities for providing financial analysis assistance to farm operators who apply for farm operating loans. This is a one-time appropriation.

$71,000 the first year and $71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109.

$610,000 the first year and $460,000 the second year are for continued research of solutions and alternatives for manure management and odor control. This is a one-time appropriation.

$50,000 the first year and $50,000 the second year are for beaver damage control grants for the purposes of Minnesota Statutes, section 17.110.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

\$80,000 the first year and \$80,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be matched at the rate of one state dollar for each dollar of nonstate money. Priorities must be given for projects involving multiple parties. Up to \$20,000 each year may be used for dissemination of information about the demonstration grant projects. If the appropriation for either year is insufficient, the appropriation for the other is available.

\$501,000 the first year and \$501,000 the second year are for support of the dairy diagnostic teams.

Subd. 4. Administration and Financial Assistance

6,360,000	6,134,000

\$49,000 the first year and \$49,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 2000 or 2001.

\$254,000 the first year and \$256,000 the second year are for the farm advocates program.

\$70,000 the first year and \$70,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$250,000 the first year is for creation of a rapid response fund under the control of the commissioner for response to agricultural crop or livestock emergency situations. This is a one-time appropriation and remains available until expended.

\$150,000 the first year and \$150,000 the second year are for grants to agriculture information centers. The grants are only available on a match basis. The funds may be released at the rate of \$5 of state money for each \$1 of matching nonstate money.

\$19,000 the first year and \$19,000 the second year are for a grant to the Minnesota Livestock Breeders' Association.

The pilot program for distribution of coupons through the sustainable resource center under Laws 1998, chapter 401, section 6, is canceled.

\$175,000 the first year and \$175,000 the second year must be spent for the WIC coupon program.

\$50,000 the first year and \$50,000 the second year are for the Passing on the Farm Center under Minnesota Statutes, section 17.985. This appropriation is available only to the extent matched with nonstate money.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
$1,767,000 the first year and $1,697,000 the second year are for an electronic information management system.		
$267,000 the first year and $200,000 the second year are for the dairy inspection account. Of the first year appropriation, up to $50,000 is available for additional funding of beaver damage control grants. This is a one-time appropriation. By February 15, 2000, the commissioner shall review the fairness and equity of the fee structure for dairy inspections and report the findings to the legislature.		
$50,000 the first year is to complete a study of the business climate for dairy farmers. This is a one-time appropriation.		
Sec. 3. BOARD OF ANIMAL HEALTH	2,985,000	3,039,000
$118,000 each year is for a program to investigate the avian pneumovirus disease and to identify the infected flocks. This is a one-time appropriation.		
$150,000 the first year and $150,000 the second year are additional money for a program to control paratuberculosis ("Johne's disease") in domestic bovine herds.		
$125,000 the first year and $125,000 the second year are for pseudorabies control programs. This is a one-time appropriation.		
Sec. 4. MINNESOTA HORTICULTURAL SOCIETY	82,000	82,000
Sec. 5. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	4,330,000	4,330,000
Summary by Fund		
General	4,130,000	4,130,000
Special Revenue	200,000	200,000
$200,000 each year shall be transferred from the department of agriculture's pesticide regulatory account in the special revenue fund for the pesticide reduction options program. This is a one-time appropriation. By January 15, 2000, the Agricultural Utilization Research Institute must report to the standing committees of the house and senate with jurisdiction over agricultural policy issues on the pesticide reduction options program.		
The Agricultural Utilization Research Institute must collaborate with the commissioner of agriculture on issues of market development and technology transfer.		
$200,000 the first year and $200,000 the second year are for hybrid tree management research and development of an implementation plan for establishing hybrid tree plantations in the state. This appropriation is available to the extent it is matched by $2 of nonstate contributions, either cash or in kind, for each $1 of state money.		

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001
The base funding for the Agricultural Utilization Research Institute in fiscal year 2002 and thereafter is reduced by $73,000 each fiscal year.		

Sec. 6. Minnesota Statutes 1998, section 17.115, subdivision 3, is amended to read:

Subd. 3. [AWARDING OF LOANS.] (a) Applications for loans must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a loan review panel appointed by the commissioner. The loan review panel shall consist of two lenders with agricultural experience, two resident farmers of the state using sustainable agriculture methods, two resident farmers of the state using organic agriculture methods, a farm management specialist, a representative from a post-secondary education institution, and a chair from the department.

(c) The loan review panel shall rank applications according to the following criteria:

(1) realize savings to the cost of agricultural production and project savings to repay the cost of the loan;

(2) reduce or make more efficient use of energy; and

(3) reduce production costs.

(d) A loan application must show that the loan can be repaid by the applicant.

(e) The commissioner must consider the recommendations of the loan review panel and may make loans for eligible projects. Priority must be given based on the amount of savings realized by adopting the practice implemented by the loan.

Sec. 7. Minnesota Statutes 1998, section 17.116, subdivision 3, is amended to read:

Subd. 3. [AWARDING OF GRANTS.] (a) Applications for grants must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a technical review panel appointed by the commissioner. The technical review panel shall consist of a soil scientist, an agronomist, a representative from a post-secondary educational institution, two resident farmers of the state using sustainable agriculture methods, two resident farmers of the state using organic agriculture methods, and a chair from the department.

(c) The technical review panel shall rank applications according to the following criteria:

(1) direct or indirect energy savings or production;

(2) environmental benefit;

(3) farm profitability;

(4) the number of farms able to apply the techniques or the technology proposed;

(5) the effectiveness of the project as a demonstration;

(6) the immediate transferability of the project to farms; and

(7) the ability of the project to accomplish its goals.

(d) The commissioner shall consider the recommendations of the technical review panel and may award grants for eligible projects. Priority must be given to applicants who are farmers or groups of farmers.

(e) Grants for eligible projects may not exceed $25,000 unless the portion above $25,000 is matched on an equal basis by the applicant's cash or in-kind land use contribution. Grant funding of projects may not exceed $50,000 under this section, but applicants may utilize other funding sources. A portion of each grant must be targeted for public information activities of the project.

(f) A project may continue for up to three years. Multiyear projects must be reevaluated by the technical review panel and the commissioner before second or third year funding is approved. A project is limited to one grant for its funding.

Sec. 8. Minnesota Statutes 1998, section 17.136, is amended to read:

17.136 [ANIMAL FEEDLOTS; POLLUTION CONTROL; FEEDLOT AND MANURE MANAGEMENT ADVISORY COMMITTEE.]

(a) The commissioner of agriculture and the commissioner of the pollution control agency shall establish a feedlot and manure management advisory committee to identify needs, goals, and suggest policies for research, monitoring, and regulatory activities regarding feedlot and manure management. In establishing the committee, the commissioner shall give first consideration to members of the existing feedlot advisory group.

(b) The committee must include representation from beef, dairy, pork, chicken, and turkey producer organizations. The committee shall not exceed ~~18~~ 23 members, but, after June 30, ~~1997~~ 1999, must include representatives from at least four environmental organizations, eight livestock producers, ~~and~~ four experts in soil and water science, nutrient management, and animal husbandry, two commercial solid manure applicators who are not producers, two commercial liquid manure applicators who are not producers, and one member from an organization representing local units of government, and chairs of the senate and the house of representatives committees that deal with agricultural policy or the designees of the chairs. In addition, the departments of agriculture, health, and natural resources, the pollution control agency, board of water and soil resources, soil and water conservation districts, the federal Natural Resource Conservation Service, the association of Minnesota counties, and the Farm Service Agency shall serve on the committee as ex officio nonvoting members.

(c) The advisory committee shall elect a chair and a vice-chair from its members. The department and the agency shall provide staff support to the committee.

(d) The commissioner of agriculture and the commissioner of the pollution control agency shall consult with the advisory committee during the development of any policies, rules, or funding proposals or recommendations relating to feedlots or feedlot-related manure management.

(e) The commissioner of agriculture shall consult with the advisory committee on establishing a list of manure management research needs and priorities.

(f) The advisory committee shall advise the commissioners on other appropriate matters.

(g) Nongovernment members of the advisory committee shall receive expenses, in accordance with section 15.059, subdivision 6. The advisory committee expires on June 30, 2001.

Sec. 9. Minnesota Statutes 1998, section 17.451, subdivision 2, is amended to read:

Subd. 2. [FARMED CERVIDAE.] "Farmed cervidae" means members of the cervidae family that are:

(1) raised for the purpose of shooting, harvesting, producing fiber, meat, or animal by-products, as pets, or as breeding stock; and

(2) registered in a manner approved by the board of animal health.

Sec. 10. Minnesota Statutes 1998, section 17.452, subdivision 5, is amended to read:

Subd. 5. [RAISING FARMED CERVIDAE IS AN AGRICULTURAL PURSUIT.] Raising farmed cervidae is agricultural production and an agricultural pursuit, which may include the sale of farmed cervidae to a person for personal consumption. Personal consumption may include the harvesting of farmed cervidae by firearms or archery on a licensed shooting preserve.

Sec. 11. Minnesota Statutes 1998, section 17.452, subdivision 8, is amended to read:

Subd. 8. [SLAUGHTER.] Farmed cervidae that are to be sold for commercial meat purposes must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.

Sec. 12. [17.4521] [CERVIDAE SHOOTING PRESERVES.]

Subdivision 1. [FEES FOR SHOOTING PRESERVES.] (a) The fee for a cervidae shooting preserve license is $900 annually and will be deposited in the game and fish fund.

(b) Shooting preserve licenses issued under this subdivision expire on the last day of March.

Subd. 2. [SHOOTING PRESERVE APPLICATION.] The commissioner may license up to ten cervidae shooting preserves in the state. An application for a cervidae shooting preserve license must be filed with the commissioner. The application must include a legal description of the shooting preserve land, number of acres, species to be harvested, and other necessary information prescribed by the commissioner.

Subd. 3. [GAME AVAILABLE.] Game that may be released and harvested in a licensed cervidae shooting preserve must be specified in the license and are limited to species raised as farmed cervidae under sections 17.451 and 17.452. Only farmed cervidae from herds in the accredited program of the board of animal health may be transported to and released in a licensed cervidae shooting preserve.

Subd. 4. [LOCATION; SIZE OF PRESERVE.] A shooting preserve must be separated from any farmed cervidae breeding pens or pastures. A shooting preserve must be contiguous and contain at least 240 acres for elk and at least 120 acres for deer but no more than 960 acres, including any water area, and must have areas of cover to provide for concealment of the cervidae sufficient to prevent the cervidae from being visible in all parts of the preserve at one time and must afford cervidae the chance of escape from pursuit by patrons of the shooting preserve.

Subd. 5. [POSTING OF BOUNDARIES.] The boundaries of a shooting preserve must be clearly posted in a manner prescribed by the commissioner. The operator must post signs around the entire perimeter of the preserve at intervals not to exceed 500 feet.

Subd. 6. [FENCING AND ENCLOSURES.] All perimeter fencing must be paid for and maintained by the licensee and comply with farmed cervidae requirements in section 17.452.

Subd. 7. [REMOVAL OF ALL WILD CERVIDAE.] To the extent practicable, all wild cervidae must be removed from the shooting preserve property at the owner's expense prior to final issuance of the shooting preserve license. After the owner's removal efforts are completed, the commissioner shall determine the number and type of wild cervidae remaining on the shooting preserve property. The shooting preserve operator shall pay the restitution value, adopted under section 97A.345, for each wild cervidae remaining on the shooting preserve property. Money received under this subdivision shall be credited to the game and fish fund.

Subd. 8. [REVOCATION OF LICENSE.] The commissioner may revoke a shooting preserve license if the licensee or persons authorized to harvest in the shooting preserve have been convicted of a violation under this section. After revocation, a new license may be issued at the discretion of the commissioner.

Subd. 9. [HUNTING LICENSE NOT REQUIRED.] A hunting license is not required to harvest authorized species of cervidae on a licensed shooting preserve.

Subd. 10. [SEASON.] (a) The open season for harvesting in a shooting preserve is August 15 through March 31.

(b) The commissioner may restrict the open season after receiving a complaint, holding a public hearing, and finding that the population of a particular species of wild cervidae is harmed by harvesting in the shooting preserve.

Subd. 11. [WEAPONS LIMITATIONS.] A person may harvest farmed cervidae on a shooting preserve by archery or firearms authorized by law to take wild cervidae in the same area.

Subd. 12. [LICENSEE MAY ESTABLISH RESTRICTIONS.] A shooting preserve licensee is responsible for determining who is allowed to harvest in the preserve. In each preserve, the licensee may establish the charge for harvesting cervidae, the shooting hours, the season, weapon limitations, and restrictions on the age, sex, and number of each species that may be harvested by the hunter. These provisions may not conflict with this section and may not be less restrictive than any rule.

Subd. 13. [IDENTIFICATION AND MARKING OF CERVIDAE.] All cervidae must be identified by permanent tattoo, electronic implant, or other means of identification that comply with section 17.452.

Subd. 14. [MARKING HARVESTED CERVIDAE.] Harvested cervidae must be marked in accordance with or identified by the shooting preserve operator in a manner prescribed by the commissioner. The commissioner may issue the tags or other markings at a cost not to exceed $2 each. The marking must remain attached on the cervidae while the cervidae is transported.

Subd. 15. [RECORDKEEPING.] A shooting preserve must maintain a registration book listing the names, addresses, and hunting license numbers, if applicable, of all patrons of the shooting preserve, the date when they harvested, the amount and species of cervidae taken, and the tag numbers or other markings affixed to each animal. A shooting preserve must keep records of the number of each species raised and purchased and the date and number of each species released. An annual report shall be made to the commissioner by the date herd registration is required. The records must be open to inspection by the commissioner at all reasonable times.

Sec. 13. Minnesota Statutes 1998, section 18B.26, subdivision 5, is amended to read:

Subd. 5. [REVIEW AND REGISTRATION.] (a) The commissioner may not deny the registration of a pesticide because the commissioner determines the pesticide is not essential.

(b) The commissioner shall review each application and may approve, deny, or cancel the registration of any pesticide. The commissioner may impose state use and distribution restrictions on a pesticide as part of the registration to prevent unreasonable adverse effects on the environment.

(c) The commissioner must notify the applicant of the approval, denial, cancellation, state use or distribution restrictions.

(d) The applicant may request a hearing on any adverse action of the commissioner within 30 days after being notified.

(e) The commissioner may exempt from the requirement of registration pesticides that have been deregulated or classified as minimum risk by the United States Environmental Protection Agency.

Sec. 14. Minnesota Statutes 1998, section 18E.02, subdivision 5, is amended to read:

Subd. 5. [ELIGIBLE PERSON.] "Eligible person" means:

(1) a responsible party or an owner of real property, but does not include the state, a state agency, a political subdivision of the state, except as provided in clause (2), the federal government, or an agency of the federal government;

(2) the owners of municipal airports ~~at Perham, Madison, and Hector,~~ in Minnesota where a licensed aerial pesticide applicator has caused an incident through storage, handling, or distribution operations for agricultural chemicals if (i) the commissioner has determined that corrective action is necessary and (ii) the commissioner determines, and the agricultural chemical response compensation board concurs, that based on an affirmative showing made by the owner, a responsible party cannot be identified or the identified responsible party is unable to comply with an order for corrective action; or

(3) a person involved in a transaction relating to real property who is not a responsible party or owner of the real property and who voluntarily takes corrective action on the property in response to a request or order for corrective action from the commissioner~~, except an owner of a municipal airport not listed in clause (2)~~.

Sec. 15. [18E.035] [FINANCIAL SECURITY; MUNICIPAL AIRPORTS.]

Section 18E.02, subdivision 5, clause (2), does not prohibit the owner of a municipal airport from requiring financial security from an aerial pesticide applicator to cover any necessary corrective action.

Sec. 16. Minnesota Statutes 1998, section 28A.08, subdivision 3, is amended to read:

Subd. 3. [FEES EFFECTIVE JULY 1, ~~1996~~ 1999.]

		Penalties	
Type of food handler	License Fee Effective July 1, ~~1996~~ 1999	Late Renewal	No License
1. Retail food handler			
(a) Having gross sales of only prepackaged nonperishable food of less than $15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	~~$ 45~~ $ 48	~~$ 15~~ $ 16	~~$ 25~~ $ 27
(b) Having under $15,000 gross sales including food preparation or having $15,000 to $50,000 gross sales for the immediately previous license or fiscal year	~~$ 61~~ $ 65	~~$ 15~~ $ 16	~~$ 25~~ $ 27
(c) Having $50,000 to $250,000 gross sales for the immediately previous license or fiscal year	~~$118~~ $126	~~$ 35~~ $ 37	~~$ 75~~ $ 80
(d) Having $250,000 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$202~~ $216	~~$ 50~~ $ 54	~~$100~~ $107
(e) Having $1,000,000 to $5,000,000 gross sales for the immediately previous license or fiscal year	~~$562~~ $601	~~$100~~ $107	~~$175~~ $187

(f) Having $5,000,000 to $10,000,000 gross sales for the immediately previous license or fiscal year	~~$787~~ $842	~~$150~~ $161	~~$300~~ $321
(g) Having over $10,000,000 gross sales for the immediately previous license or fiscal year	~~$899~~ $962	~~$200~~ $214	~~$350~~ $375
2. Wholesale food handler			
(a) Having gross sales or service of less than $25,000 for the immediately previous license or fiscal year	~~$ 50~~ $ 54	~~$ 15~~ $ 16	~~$ 15~~ $ 16
(b) Having $25,000 to $250,000 gross sales or service for the immediately previous license or fiscal year	~~$225~~ $241	~~$ 50~~ $ 54	~~$100~~ $107
(c) Having $250,000 to $1,000,000 gross sales or service from a mobile unit without a separate food facility for the immediately previous license or fiscal year	~~$337~~ $361	~~$ 75~~ $ 80	~~$150~~ $161
(d) Having $250,000 to $1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year	~~$449~~ $480	~~$100~~ $107	~~$200~~ $214
(e) Having $1,000,000 to $5,000,000 gross sales or service for the immediately previous license or fiscal year	~~$562~~ $601	~~$125~~ $134	~~$250~~ $268
(f) Having over $5,000,000 gross sales for the immediately previous license or fiscal year	~~$647~~ $692	~~$150~~ $161	~~$300~~ $321
3. Food broker	~~$112~~ $120	~~$ 30~~ $ 32	~~$ 50~~ $ 54
4. Wholesale food processor or manufacturer			
(a) Having gross sales of less than $125,000 for the immediately previous license or fiscal year	~~$150~~ $161	~~$ 50~~ $ 54	~~$100~~ $107
(b) Having $125,000 to $250,000 gross sales for the immediately previous license or fiscal year	~~$310~~ $332	~~$ 75~~ $ 80	~~$150~~ $161
(c) Having $250,001 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$449~~ $480	~~$100~~ $107	~~$200~~ $214
(d) Having $1,000,001 to 5,000,000 gross sales for the immediately previous license or fiscal year	~~$562~~ $601	~~$125~~ $134	~~$250~~ $268

(e) Having $5,000,001 to $10,000,000 gross sales for the immediately previous license or fiscal year	~~$647~~ $692	~~$150~~ $161	~~$300~~ $321
(f) Having over $10,000,000 gross sales for the immediately previous license or fiscal year	~~$900~~ $963	~~$200~~ $214	~~$350~~ $375
5. Wholesale food processor of meat or poultry products under supervision of the U. S. Department of Agriculture (a) Having gross sales of less than $125,000 for the immediately previous license or fiscal year	~~$100~~ $107	~~$ 25~~ $ 27	~~$ 50~~ $ 54
(b) Having $125,000 to $250,000 gross sales for the immediately previous license or fiscal year	~~$169~~ $181	~~$ 50~~ $ 54	~~$ 75~~ $ 80
(c) Having $250,001 to $1,000,000 gross sales for the immediately previous license or fiscal year	~~$253~~ $271	~~$ 75~~ $ 80	~~$125~~ $134
(d) Having $1,000,001 to $5,000,000 gross sales for the immediately previous license or fiscal year	~~$310~~ $332	~~$ 75~~ $ 80	~~$150~~ $161
(e) Having $5,000,001 to $10,000,000 gross sales for the immediately previous license or fiscal year	~~$366~~ $392	~~$100~~ $107	~~$175~~ $187
(f) Having over $10,000,000 gross sales for the immediately previous license or fiscal year	~~$500~~ $535	~~$150~~ $161	~~$250~~ $268
6. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota Farmstead cheese	$ 30	$ 10	$ 15
7. Nonresident frozen dairy manufacturer	$200	$ 50	$ 75
8. Wholesale food manufacturer processing less than 700,000 pounds per year of raw milk	$ 30	$ 10	$ 15
9. A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale food processor or manufacturer	$ 50	$ 15	$ 25

Sec. 17. [28A.081] [CERTIFICATE FEES.]

A fee of $75 for each certificate shall be charged to all food establishments that request certificates issued by the Minnesota department of agriculture to facilitate the movement of Minnesota processed and manufactured foods destined for export from the state of Minnesota. Certificates include, but are not limited to, certificates of free sale, certificates of export, certificates of sanitation, sanitary certificates, certificates of origin and/or free sale, certificates of health and/or free sale, sanitation, and purity, certificate of free trade, certificate of free sale, sanitation, purity, and origin, certificate of health, sanitation, purity, and free sale, and letter of plant certification.

A food establishment shall be billed within seven days for certificates issued. The food establishment must submit payment for certificates within ten days of the billing date. If certificate fee payments are not received within 15 days of the billing date, the department may not issue any future certificates until previous fees due are paid in full.

Sec. 18. Minnesota Statutes 1998, section 31.94, is amended to read:

31.94 [COMMISSIONER DUTIES.]

(a) The commissioner shall enforce sections 31.92 to 31.95. The commissioner shall withhold from sale or trade any product sold, labeled, or advertised in violation of sections 31.92 to 31.95.

(b) The commissioner shall investigate the offering for sale, labeling, or advertising of an article or substance as organically grown, organically processed, or produced in an organic environment if there is reason to believe that action is in violation of sections 31.92 to 31.95.

(c) The commissioner may adopt rules that further clarify organic food standards and marketing practices.

(d) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies of how state or federal programs could utilize and support organic agriculture practices; and

(5) work closely with farmers, the University of Minnesota, the Minnesota trade office, and other appropriate organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, and extension work relating to organic agriculture.

(e) By November 15 of each even-numbered year the commissioner, in conjunction with the task force created in section 31.95, subdivision 3a, shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include:

(1) a description of current state or federal programs directed toward organic agriculture, including significant results and experiences of those programs;

(2) a description of specific actions the department of agriculture is taking in the area of organic agriculture, including the proportion of the department's budget spent on organic agriculture;

(3) a description of current and future research needs at all levels in the area of organic agriculture; and

(4) suggestions for changes in existing programs or policies or enactment of new programs or policies that will affect organic agriculture.

Sec. 19. Minnesota Statutes 1998, section 31.95, subdivision 3a, is amended to read:

Subd. 3a. [CERTIFICATION ORGANIZATIONS.] (a) A Minnesota grown organic product that is labeled "certified" must be certified by a designated certification organization.

(b) A certified organic product sold in this state must be certified by a designated certification organization or by a certification organization approved by the commissioner. Before approving a certification organization, the commissioner must seek the evaluation and recommendation of the Minnesota organic advisory task force.

(c) The commissioner shall appoint a Minnesota organic advisory task force ~~composed of members of the organic industry to advise the commissioner on organic issues. Members of the task force may not be paid compensation or costs for expenses~~ to advise the commissioner on policies and practices to improve organic agriculture in Minnesota. The task force shall consist of the following residents of the state:

(1) three farmers using organic agriculture methods;

(2) one organic food retailer or distributor;

(3) one representative of organic food certification agencies;

(4) one organic food processor;

(5) one representative from the Minnesota extension service;

(6) one representative from an environmental nonprofit organization;

(7) two at-large members; and

(8) one representative from the agricultural utilization research institute. Terms, compensation, and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2001~~ 2003.

Sec. 20. [31B.32] [DAILY PRICE REPORTS.]

(a) At the close of each business day on which a packer purchased or received on contract livestock for slaughter, the packer must report to the United States Department of Agriculture, agricultural marketing service, and the Minnesota commissioner of agriculture all prices paid for livestock under contract and through cash market sales during that business day, including:

(1) the amount of the base price and a description of the formula used to establish that base price;

(2) a description of the types and amount of any premiums or discounts including, but not limited to, quality characteristics, grade and yield, volume, early delivery, percent lean, and transportation or acquisition cost savings to the packer; and

(3) the basis on which payment was made including live-weight, carcass weight, or value in the meat.

(b) The commissioner shall make information reported by packers available to the public, through an electronic medium, on the day succeeding the day covered by the packer's report. The disclosure of information reported by the commissioner may be made only in a form that ensures that:

(1) the identity of the parties involved in any transaction described in a report is not disclosed;

(2) the identity of the packer submitting a report is not disclosed; and

(3) the confidentiality of proprietary business information is otherwise protected.

Sec. 21. Minnesota Statutes 1998, section 32.21, subdivision 4, is amended to read:

Subd. 4. [PENALTIES.] (a) A person, other than a milk producer, who violates this section is guilty of a misdemeanor or subject to a civil penalty up to $1,000.

(b) A milk producer may not change milk plants within 30 days, without permission of the commissioner, after receiving notification from the commissioner under paragraph (c) or (d) that the milk producer has violated this section.

(c) A milk producer who violates subdivision 3, clause (1), (2), (3), (4), or (5), is subject to clauses (1) to (3) of this paragraph.

(1) Upon notification of the first violation in a 12-month period, the producer must meet with the dairy plant field service representative to initiate corrective action within 30 days.

(2) Upon the second violation within a 12-month period, the producer is subject to a civil penalty of $300. The commissioner shall notify the producer by certified mail stating the penalty is payable in 30 days, the consequences of failure to pay the penalty, and the consequences of future violations.

(3) Upon the third violation within a 12-month period, the producer is subject to an additional civil penalty of $300 and possible revocation of the producer's permit or certification. The commissioner shall notify the producer by certified mail that all civil penalties owed must be paid within 30 days and that the commissioner is initiating administrative procedures to revoke the producer's permit or certification to sell milk for at least 30 days.

(d) The producer's shipment of milk must be immediately suspended if the producer is identified as an individual source of milk containing residues causing a bulk load of milk to test positive in violation of subdivision 3, clause (6) or (7). ~~Shipment may resume~~ The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days and shipment may resume only after subsequent milk has been sampled by the commissioner or the commissioner's agent and found to contain no residues above established tolerances or safe levels.

The Grade A or manufacturing grade permit may be restored if the producer ~~remains eligible only for manufacturing grade until the producer~~ completes the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, displays the signed certificate in the milkhouse, and sends verification to the commissioner within the 30-day temporary permit status period. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended. A milk producer whose milk supply is in violation of subdivision 3, clause (6) or (7), and has caused a bulk load to test positive is subject to clauses (1) to (3) of this paragraph.

(1) For the first violation in a 12-month period, a dairy plant may collect from the responsible producer the value of the contaminated truck load of milk. If the amount collected by the plant is less than two days of milk production on that farm, then the commissioner must assess the difference as a civil penalty payable by the plant or marketing organization on behalf of the responsible producer.

(2) For the second violation in a 12-month period, a dairy plant may collect from the responsible producer the value of the contaminated truck load of milk. If the amount collected by the plant is less than four days of milk production on that farm, then the commissioner must assess the difference as a civil penalty payable by the plant or marketing organization on behalf of the responsible producer.

(3) For the third violation in a 12-month period, a dairy plant may collect from the responsible producer the value of the contaminated load of milk. If the amount collected by the plant is less than four days of milk production on that farm, then the commissioner must assess the difference as a civil penalty payable by the plant or marketing organization on behalf of the responsible producer. The commissioner shall also notify the producer by certified mail that the commissioner is initiating administrative procedures to revoke the producer's right to sell milk for a minimum of 30 days.

(4) If a bulk load of milk tests negative for residues and there is a positive producer sample on the load, no civil penalties may be assessed to the producer. The plant must report the positive result within 24 hours and reject further milk shipments from that producer until the producer's milk tests negative. The department shall suspend the producer's permit and count the violation on the producer's record. The ~~producer remains eligible only for manufacturing grade until~~ Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days during which time the producer ~~reviews~~ must review the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, display the signed certificate in the milkhouse, and send verification to the commissioner. ~~To maintain a permit or certification to market milk, this program must be reviewed within 30 days.~~ If these conditions are met, the Grade A or manufacturing grade permit must be reinstated. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended.

(e) A milk producer that has been certified as completing the "Milk and Dairy Beef Residue Prevention Protocol" within 12 months of the first violation of subdivision 3, clause (7), need only review the cause of the violation with a field service representative within three days to maintain Grade A or manufacturing grade permit and shipping status if all other requirements of this section are met.

(f) Civil penalties collected under this section must be deposited in the milk inspection services account established in this chapter.

Sec. 22. Minnesota Statutes 1998, section 35.02, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS; OFFICERS.] The board has five members appointed by the governor with the advice and consent of the senate, three of whom are producers of livestock in the state, and two of whom are practicing veterinarians licensed in Minnesota. The dean of the college of veterinary medicine of the University of Minnesota may serve as consultant to the board without vote. Appointments to fill unexpired terms must be made from the classes to which the retiring members belong. The board shall elect a president and a vice-president from among its members and a veterinarian licensed in Minnesota who is not a member to be its executive ~~secretary~~ director for a term of one year and until a successor qualifies. The board shall set the duties of the ~~secretary~~ director.

Sec. 23. Minnesota Statutes 1998, section 35.04, is amended to read:

35.04 [DUTY OF BOARDS OF HEALTH.]

Boards of health as defined in section 145A.02, subdivision 2, shall assist the board in the prevention, suppression, control, and eradication of contagious and infectious dangerous diseases among domestic animals when directed to do so by the ~~secretary~~ director or any member of the board. Two or more local boards may be required in emergencies to cooperate in giving assistance. The rules of the state board prevail over conflicting local board rules.

Sec. 24. Minnesota Statutes 1998, section 35.05, is amended to read:

35.05 [AUTHORITY OF STATE BOARD.]

(a) The state board may quarantine or kill any domestic animal infected with, or which has been exposed to, a contagious or infectious dangerous disease if it is necessary to protect the health of the domestic animals of the state.

(b) The board may regulate or prohibit the arrival in and departure from the state of infected or exposed animals and, in case of violation of any rule or prohibition, may detain any animal at its owner's expense. The board may regulate or prohibit the importation of domestic animals which, in its opinion, may injure the health of Minnesota livestock.

(c) The board may implement the United States, Voluntary Johne's Disease Herd Status Program for cattle.

(d) Rules adopted by the board under authority of this chapter must be published in the State Register.

Sec. 25. Minnesota Statutes 1998, section 35.08, is amended to read:

35.08 [KILLING OF DISEASED ANIMALS.]

If the board decides upon the killing of an animal affected with tuberculosis, paratuberculosis, or brucellosis, it shall notify the animal's owner or keeper of the decision. If the board, through its executive ~~secretary~~ director, orders that an animal may be transported for immediate slaughter to any abattoir where the meat inspection division of the United States Department of Agriculture maintains inspection, or where the animal and plant health inspection service of the United States Department of Agriculture or the board establishes field postmortem inspection, the owner must receive the value of the net salvage of the carcass.

Before the animal is removed from the premises of the owner, the representative or authorized agent of the board must agree with the owner in writing as to the value of the animal. In the absence of an agreement, three competent, disinterested persons, one appointed by the board, one by the owner, and a third by the first two, shall appraise the animal at its full replacement cost taking into consideration the purpose and use of the animal.

The appraisement made under this section must be in writing, signed by the appraisers, and certified by the board to the commissioner of finance, who shall draw a warrant on the state treasurer for the amount due the owner.

Sec. 26. Minnesota Statutes 1998, section 35.09, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] The owner of an animal is entitled to the indemnity provided in subdivision 1, except in the following cases:

(1) steers;

(2) animals which have not been kept in good faith for one year or since their birth in the state;

(3) animals brought into the state, contrary to law or rules of the board;

(4) animals diseased on arrival in the state;

(5) animals belonging to the United States;

(6) animals belonging to institutions maintained by the state, a county, or a municipality;

(7) animals which the owner or claimant knew or should have known were diseased at the time they were acquired;

(8) animals exposed to brucellosis through the owner's negligence;

(9) animals which have been injected with brucellosis vaccine, bacterin, or other preparations made from or through the agency of Brucella Microorganisms unless it was done in compliance with the rules of the board;

(10) animals belonging to a person who has received indemnity as a result of a former inspection or tests and has then introduced into the same herd any animals which have not passed the tuberculin or brucellosis test;

(11) animals if the owner, agent, or person in possession of them has not complied with the rules of the board with respect to condemned animals;

(12) condemned animals which are not destroyed within 15 days after the date of appraisal, or for which the owner refuses to sign the appraisal or report of the members of the appraisal board, except that in extraordinary circumstances and in meritorious cases and at the discretion of the executive ~~secretary~~ director of the board the time limit of 15 days may be extended an additional 15 days if the owner receives permission from the executive ~~secretary~~ director within 15 days of the date of appraisal;

(13) livestock affected with tuberculosis, paratuberculosis, or brucellosis unless the entire herd of which the affected livestock is a part, or from which the affected livestock has originated, is examined and tested under the supervision of the board, in order to determine if they are free from the disease;

(14) livestock affected with tuberculosis, paratuberculosis, or brucellosis unless the owner has carried out the instructions of the board relating to cleaning, disinfection, and rendering the stables and premises in a sanitary condition within 15 days of the time of removal of the animals from the premises, except when, because of inclement weather or other extenuating circumstances, the time is extended by the executive ~~secretary~~ director of the board;

(15) livestock affected with tuberculosis, paratuberculosis, or brucellosis, if the owner has fed milk or milk products derived from creameries which was not pasteurized as required by state laws; and

(16) animals owned by a nonresident if neither the owner nor the owner's agent breed livestock in Minnesota.

If, at any time, the annual appropriation for payment of indemnities becomes exhausted as a result of condemnation and slaughter of animals, the board shall discontinue making further official tests or authorizing tests unless an owner signs a waiver on blanks furnished by the board of payment of indemnity for any animals that may be condemned as the result of a test and inspection which releases the state from any obligation to pay indemnity from any future appropriation.

Sec. 27. Minnesota Statutes 1998, section 35.09, subdivision 2a, is amended to read:

Subd. 2a. [NONREACTORS; CATTLE INELIGIBLE FOR TEST.] The board may condemn and appraise nonreactors to the brucellosis test and exposed cattle not eligible to be tested from herds affected with brucellosis and may pay the owner the difference between the appraisal value and the salvage value up to $300 for grade animals or $600 for purebred registered animals if the board through its executive ~~secretary~~ director has determined according to criteria adopted by the board that herd depopulation is essential to the goal of bovine brucellosis eradication. Indemnity payable by the state must be reduced by the amount paid by the United States Department of Agriculture. No indemnity may be paid for steers.

Sec. 28. Minnesota Statutes 1998, section 35.67, is amended to read:

35.67 [RABIES INVESTIGATION.]

If the executive ~~secretary~~ director of the board of animal health, or a board of health as defined in section 145A.02, subdivision 2, receives a written complaint that rabies exists in a town or city in the board's jurisdiction, the board of health shall investigate, either personally or through subordinate officers, the truth of the complaint. A board of health may also make an investigation and determination independently, without having received a complaint. The fact that a board of health has investigated and determined that rabies does not exist in a jurisdiction does not deprive the executive ~~secretary~~ director of the board of animal health of jurisdiction or authority to make an investigation and determination with reference to the territory. For the purposes of sections 35.67 to 35.69, the jurisdiction of the executive ~~secretary~~ director of the board of animal health is the entire state.

Sec. 29. Minnesota Statutes 1998, section 35.68, is amended to read:

35.68 [RABIES PROCLAMATION.]

If a board of health as defined in section 145A.02, subdivision 2, investigates and finds that rabies does exist in a town or city the board of health shall make and file a proclamation of the investigation and determination which prohibits the owner or custodian of any dog from allowing the dog to be at large within the town or city unless the dog is effectively muzzled so that it cannot bite any other animal or person.

If the executive ~~secretary~~ director of the board of animal health, after investigation, has determined that rabies exists in any territory in the state, similar proclamations must be issued in all towns and cities within the territory or area in which it is necessary to control the outbreak and prevent the spread of the disease. The proclamation must prohibit the owner or custodian of any dog within the designated territory from permitting or allowing the dog to be at large within the territory unless the dog is effectively muzzled so that it cannot bite any other animal or person.

All local peace officers and boards of health shall enforce sections 35.67 to 35.69.

A proclamation issued by the board of health must be filed with the clerk of the political subdivision responsible for the board of health. One issued by the executive ~~secretary~~ director of the board of animal health must be filed with the clerk of each town and city within the territory it covers.

Each officer with whom the proclamation is filed shall publish a copy of it in one issue of a legal newspaper published in the clerk's town or city if one is published there. If no newspaper is published there, the clerk must post a copy of the proclamation in three public places. Publication is at the expense of the municipality.

Proof of publication must be by affidavit of the publisher and proof of posting must be by the person doing the posting. The affidavit must be filed with the proclamation. The proclamation is effective five days after the publication or posting and remains effective for the period of time not exceeding six months specified in it by the board of health making the proclamation.

Sec. 30. Minnesota Statutes 1998, section 35.82, subdivision 1b, is amended to read:

Subd. 1b. [CARCASSES FOR PET OR MINK FOOD.] (a) The board, through its executive ~~secretary~~ director, may issue a permit to the owner or operator of a pet food processing establishment, a mink rancher, or a supplier of an establishment, located within the boundaries of Minnesota, to transport the carcasses of domestic animals that have died or have been killed, other than by being slaughtered for human or animal consumption, over the public highways to the establishment for pet food or mink food purposes only. The owners and operators of pet food processing establishments or their suppliers and mink ranch operators located in any adjacent state with which a reciprocal agreement is in effect under subdivision 3 are not required to possess a permit issued under this subdivision. The permit is valid for one year following the date of issue unless it is revoked.

(b) The owner or operator of a pet food processing plant or mink ranch shall employ an official veterinarian. A veterinarian named in the permit application who is accepted by the board to act as the official veterinarian is authorized to act as its representative.

(c) Carcasses collected by owners or operators under permit may be used for pet food or mink food purposes if the official veterinarian examines them and finds them suitable for pet food or mink food purposes.

(d) Carcasses not passed by the official veterinarian for pet food or mink food purposes must be disposed of by a rendering plant operating under permit from the board.

(e) The board must require pet food processing establishments, owners and operators of mink ranches, and suppliers of these establishments to conform to rules of the board applicable to rendering plants within the state.

Sec. 31. Minnesota Statutes 1998, section 35.82, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF CARCASSES.] (a) Except as provided in subdivision 1b and paragraph (d), every person owning or controlling any domestic animal that has died or been killed otherwise than by being slaughtered for human or animal consumption, shall as soon as reasonably possible bury the carcass at a depth adequate to prevent scavenging by other animals in the ground or thoroughly burn it or dispose of it by another method approved by the board as being effective for the protection of public health and the control of livestock diseases. The board, through its executive ~~secretary~~ director, may issue permits to owners of rendering plants located in Minnesota which are operated and conducted as required by law, to transport carcasses of domestic animals and fowl that have died,

or have been killed otherwise than by being slaughtered for human or animal consumption, over the public highways to their plants for rendering purposes in accordance with the rules adopted by the board relative to transportation, rendering, and other provisions the board considers necessary to prevent the spread of disease. The board may issue permits to owners of rendering plants located in an adjacent state with which a reciprocal agreement is in effect under subdivision 3.

(b) Carcasses collected by rendering plants under permit may be used for pet food or mink food if the owner or operator meets the requirements of subdivision 1b.

(c) An authorized employee or agent of the board may enter private or public property and inspect the carcass of any domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption. Failure to dispose of the carcass of any domestic animal within the period specified by this subdivision is a public nuisance. The board may petition the district court of the county in which a carcass is located for a writ requiring the abatement of the public nuisance. A civil action commenced under this paragraph does not preclude a criminal prosecution under this section. No person may sell, offer to sell, give away, or convey along a public road or on land the person does not own, the carcass of a domestic animal when the animal died or was killed other than by being slaughtered for human or animal consumption unless it is done with a special permit pursuant to this section. The carcass or parts of a domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption may be transported along a public road for a medical or scientific purpose if the carcass is enclosed in a leakproof container to prevent spillage or the dripping of liquid waste. The board may adopt rules relative to the transportation of the carcass of any domestic animal for a medical or scientific purpose. A carcass on a public thoroughfare may be transported for burial or other disposition in accordance with this section.

No person who owns or controls diseased animals shall negligently or willfully permit them to escape from that control or to run at large.

(d) A sheep producer may compost sheep carcasses owned by the producer on the producer's land without a permit and is exempt from compost facility specifications contained in rules of the board.

(e) The board shall develop best management practices for dead animal disposal and the pollution control agency feedlot program shall distribute them to livestock producers in the state.

Sec. 32. Minnesota Statutes 1998, section 35.82, subdivision 3, is amended to read:

Subd. 3. [RECIPROCITY.] The executive ~~secretary~~ director of the board may enter into a reciprocal agreement on behalf of this state with an adjacent state which provides for permits to be issued to rendering plants, pet food processing establishments or suppliers of establishments, and mink ranch operators located in either state to transport carcasses to their plants, establishments, or ranches over the public highways of this state and the reciprocating state.

This subdivision applies if the adjacent state has in effect standards and requirements which are the equivalent of the standards and requirements of this state as established by the board.

Sec. 33. Minnesota Statutes 1998, section 35.92, subdivision 5, is amended to read:

Subd. 5. [SUBPOENAS.] The board of animal health through its executive ~~secretary~~ director may issue subpoenas to compel the attendance of witnesses or submission of books, documents, and records affecting the authority or privilege granted by a license, registration, certification, or permit issued under this chapter or by the board or issued by the commissioner of agriculture if agreed to by the commissioner.

Sec. 34. Minnesota Statutes 1998, section 35.93, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE REMEDIES.] The board of animal health may seek to remedy violations by authorizing the executive ~~secretary~~ director to issue a written warning, administrative meeting, cease and desist, stop-sale, or other special order, seizure, stipulation, or agreement, if the board determines that the remedy is in the public interest.

Sec. 35. Minnesota Statutes 1998, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant and the increased production begins by June 30, 2000, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed $750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) ~~Except for new production capacity approved under paragraph (i), clause (1),~~ The total payments under paragraphs (a) and (b) to all producers may not exceed $34,000,000 $38,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed $3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer shall file a separate claim for the original production capacity of each plant and for each additional increment of production that qualifies under paragraph (b). A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous

alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. The total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed $750,000. ~~Except for new production capacity approved under paragraph (i), clause (1),~~ If the total amount for which all ~~other~~ producers are eligible in a quarter under paragraphs (a) and (b) exceeds ~~$8,500,000~~ $10,000,000, the commissioner shall make payments for production capacity that is subject to this restriction in the order in which the portion of production capacity covered by each claim went into production.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

(1) an application for approval of the new production capacity;

(2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and

(3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) After April 22, 1998, the commissioner may only approve~~: (1) up to 12,000,000 gallons of new production capacity at one plant that has not previously received approval or payment for any production capacity; or (2)~~ new production capacity at approved or existing plants not to exceed planned expansions reported to the commissioner by February ~~1997~~ 1999. The commissioner may not approve any new production capacity after July 1, ~~1998~~ 1999.

(j) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

Sec. 36. Minnesota Statutes 1998, section 41D.02, subdivision 2, is amended to read:

Subd. 2. [ELEMENTARY AND SECONDARY AGRICULTURAL EDUCATION.] The council may provide grants for:

(1) planning and establishment costs for elementary and secondary agriculture education programs;

(2) new instructional and communication technologies; and

(3) curriculum updates.

Sec. 37. Minnesota Statutes 1998, section 103F.515, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE LAND.] (a) Land may be placed in the conservation reserve program if the land meets the requirements of paragraphs (b) and (c).

(b) Land is eligible if the land:

(1) is marginal agricultural land;

(2) is adjacent to marginal agricultural land and is either beneficial to resource protection or necessary for efficient recording of the land description;

(3) consists of a drained wetland;

(4) is land that with a windbreak would be beneficial to resource protection;

(5) is land in a sensitive groundwater area;

(6) is riparian land;

(7) is cropland or noncropland adjacent to restored wetlands to the extent of up to four acres of cropland or one acre of noncropland for each acre of wetland restored;

(8) is a woodlot on agricultural land;

(9) is abandoned building site on agricultural land, provided that funds are not used for compensation of the value of the buildings; or

(10) is land on a hillside used for pasture.

(c) Eligible land under paragraph (a) must:

(1) be owned by the landowner, or a parent or other blood relative of the landowner, for at least one year before the date of application;

(2) be at least five acres in size, except for a drained wetland area, riparian area, windbreak, woodlot, or abandoned building site, or be a whole field as defined by the United States Agricultural Stabilization and Conservation Services;

(3) not be set aside, enrolled or diverted under another federal or state government program unless enrollment in the conservation reserve program would provide additional conservation benefits or a longer term of enrollment than under the current federal or state program; and

(4) have been in agricultural crop production for at least two of the last five years before the date of application except drained wetlands, riparian lands, woodlots, abandoned building sites, or land on a hillside used for pasture.

(d) In selecting drained wetlands for enrollment in the program, the highest priority must be given to wetlands with a cropping history during the period 1976 to 1985.

(e) In selecting land for enrollment in the program, highest priority must be given to permanent easements that are consistent with the purposes stated in section 103F.505.

Sec. 38. Minnesota Statutes 1998, section 156.001, subdivision 2, is amended to read:

Subd. 2. [ACCREDITED OR APPROVED COLLEGE OF VETERINARY MEDICINE.] "Accredited or approved college of veterinary medicine" means a veterinary college or division of a university or college that offers the degree of doctor of veterinary medicine or its equivalent and that conforms to the standards required for accreditation or approval by the American Veterinary Medical Association Council on Education.

Sec. 39. Minnesota Statutes 1998, section 156.001, subdivision 3, is amended to read:

Subd. 3. [ANIMAL.] "Animal" does not include poultry ~~or birds of any kind~~.

Sec. 40. Minnesota Statutes 1998, section 156.001, is amended by adding a subdivision to read:

Subd. 5a. [FIRM.] "Firm" includes a corporation, limited liability company, and limited liability partnership, wherever incorporated, organized, or registered.

Sec. 41. Minnesota Statutes 1998, section 156.01, subdivision 3, is amended to read:

Subd. 3. [OFFICERS.] The board shall elect from its number a president and such other officers as are necessary, all from within its membership. One person may hold the offices of both secretary and treasurer. The board shall have a seal and the power to subpoena witnesses, to administer oaths, and take testimony. It shall make, alter, or amend ~~such~~ rules ~~as may be~~ that are necessary to carry this chapter into effect ~~the provisions of this chapter~~. It shall hold examinations for applicants for license to engage in veterinary practice at a time and place of its own choosing. Notice of ~~such~~ an examination ~~shall~~ must be posted 90 days before the date set for ~~an~~ the examination in all veterinary schools approved by the board in the state, and ~~shall~~ must be published in the ~~journal of the American Veterinary Medical Association.~~ American Association of Veterinary State Boards "Directory of Veterinary Licensure Requirements." The board may hold ~~such~~ other meetings ~~as~~ it deems necessary; but no meeting shall exceed three days duration.

Sec. 42. Minnesota Statutes 1998, section 156.02, subdivision 1, is amended to read:

Subdivision 1. [LICENSE APPLICATION.] Application for a license to practice veterinary medicine in this state shall be made in writing to the board of veterinary medicine upon a form furnished by the board, accompanied by satisfactory evidence that the applicant is at least 18 years of age, is of good moral character, and has one of the following:

(1) a diploma conferring the degree of doctor of veterinary medicine, or an equivalent degree, from an accredited or approved college of veterinary medicine;

(2) an ECFVG certificate; or

(3) a certificate from the dean of an accredited or approved college of veterinary medicine stating that the applicant is a student in good standing expecting to be graduated at the completion of the current academic year of the college in which the applicant is enrolled.

The application shall contain the information and material required by subdivision 2 and any other information that the board may, in its sound judgment, require. The application shall be filed with the board at least ~~45~~ 60 days before the date of the examination. If the board deems it advisable, it may require that such application be verified by the oath of the applicant.

Sec. 43. Minnesota Statutes 1998, section 156.02, subdivision 2, is amended to read:

Subd. 2. [REQUIRED WITH APPLICATION.] Every application shall contain the following information and material:

(1) the application fee set by the board in the form of a check or money order payable to the board, which fee is not returnable in the event permission to take the examination is denied for good cause;

(2) a copy of a diploma from an accredited or approved college of veterinary medicine or a certificate from the dean or secretary of an accredited or approved college of veterinary medicine showing the time spent in the school and the date when the applicant was duly and regularly graduated or will duly and regularly graduate or verification of ECFVG certification;

(3) affidavits of at least two veterinarians and three adults who are not related to the applicant setting forth how long a time, when, and under what circumstances they have known the applicant, and any other facts as may be proper to enable the board to determine the qualifications of the applicant; and

(4) if the applicant has served in the armed forces, a copy of discharge papers.

Sec. 44. Minnesota Statutes 1998, section 156.03, is amended to read:

156.03 [EXAMINATION; PAYMENT.]

Upon filing the application and any other papers, affidavits, or proof that the board of veterinary medicine may require, together with the payment ~~to the board of a fee as set by the board, the board, if satisfied, shall issue to the applicant for license an order for examination. Every applicant for a license shall submit to a theoretical or practical examination, or both, as designated by the board. The examination may be oral, or written, or both~~ of the application fee and appropriate examination fee as set by the board, the board shall issue to the applicant a permit to take the national examination in veterinary medicine and the Minnesota Veterinary Jurisprudence Examination. All applicants must be evaluated using an examination prescribed by the board. A passing score for the national examination must be the criterion referenced passing score as determined by the National Board Examination Committee.

Sec. 45. Minnesota Statutes 1998, section 156.072, is amended to read:

156.072 [NONRESIDENTS; LICENSES.]

Subdivision 1. [APPLICATION.] A doctor of veterinary medicine duly admitted to practice in any ~~of the other states or territories or District of Columbia~~ state, commonwealth, territory, or district of the United States or province of Canada desiring permission to practice veterinary medicine in this state shall submit an application to the board upon forms prescribed by the board. Upon proof of licensure to practice in any ~~other state or territory or in the District of Columbia~~ United States or Canadian jurisdiction and having been actively engaged in practicing veterinary medicine therein, for at least three of the five years next preceding the application, or having been engaged in full time teaching of veterinary medicine in an approved or accredited college for at least three of the five years next preceding the application, or any combination thereof, the national examination in veterinary medicine may be waived, upon the recommendation of the board, and the applicant be admitted to practice without examination. However, the board may impose any other ~~tests as~~ examinations it considers proper.

Subd. 2. [REQUIRED WITH APPLICATION.] Such doctor of veterinary medicine shall accompany the application by the following:

(1) a copy of a diploma from an accredited or approved college of veterinary medicine or certification from the dean, registrar, or secretary of an accredited or approved college of veterinary medicine attesting to the applicants graduation from an accredited or approved college of veterinary medicine, or a certificate of satisfactory completion of the ECFVG program.

(2) affidavits of two licensed practicing doctors of veterinary medicine ~~of the state, territory or District of Columbia so certifying~~ residing in the United States or Canadian licensing jurisdiction in which the applicant is currently practicing, attesting that they are well acquainted with ~~such~~ the applicant, that the applicant is a person of good moral character, and has been actively engaged in practicing or teaching ~~as the case may be~~ in such ~~state, territory, or District of Columbia~~ jurisdiction for the period above prescribed;

~~(2)~~ (3) a certificate from the regulatory agency having jurisdiction over the conduct of practice of veterinary medicine that such applicant is in good standing and is not the subject of disciplinary action or pending disciplinary action;

~~(3)~~ (4) a certificate from all other jurisdictions in which the applicant holds a currently active license or held a license within the past ten years, stating that the applicant is and was in good standing and has not been subject to disciplinary action; ~~and~~

~~(4)~~ (5) in lieu of clauses (3) and (4), certification from the Veterinary Information Verification Agency that the applicant's licensure is in good standing;

(6) a fee as set by the board in form of check or money order payable to the board, no part of which shall be refunded should the application be denied;

(7) score reports on previously taken national examinations in veterinary medicine, certified by the Veterinary Information Verification Agency; and

(8) if requesting waiver of examination, provide evidence of meeting licensure requirements in the state of the applicant's original licensure that were substantially equal to the requirements for licensure in Minnesota in existence at that time.

Subd. 3. [EXAMINATION.] A doctor of veterinary medicine duly admitted to practice in any ~~of the other states or territories or in the District of Columbia~~ state, commonwealth, territory, or district of the United States or province of Canada desiring admission to practice in this state but who has not been actively engaged in the practice thereof for at least three of the preceding five years must be examined for admission in accordance with the requirements prescribed herein for those not admitted to practice anywhere.

Subd. 4. [TEMPORARY PERMIT.] The board may issue without examination a temporary permit to practice veterinary medicine in this state to a person who has submitted an application approved by the board for license pending examination, and holds a doctor of veterinary medicine degree or an equivalent degree from an approved or accredited ~~veterinary~~ college of veterinary medicine or an ECFVG certification. The temporary permit shall expire the day after publication of the notice of results of the first examination given after the permit is issued. No temporary permit may be issued to any applicant who has previously failed the national examination ~~in this state or in any other state, territory, or district of the United States or a foreign country~~ and is currently not licensed in any licensing jurisdiction of the United States or Canada or to any person whose license has been revoked or suspended or who is currently subject to a disciplinary order in any licensing jurisdiction of the United States or Canada.

Sec. 46. [156.074] [TEMPORARY LICENSE.]

A graduate of a nonaccredited or approved college of veterinary medicine, who has satisfactorily completed the fourth year of clinical study at an approved or accredited college of veterinary medicine and has successfully passed the national examination in veterinary medicine and the Minnesota Veterinary Jurisprudence Examination, and is enrolled in the ECFVG program, may be granted a temporary license. The holder of a temporary license issued under these provisions must practice under the supervision of a Minnesota licensed veterinarian. The temporary license is valid until the candidate obtains ECFVG certification or for a maximum of two years from the date of issue.

Sec. 47. Minnesota Statutes 1998, section 156.10, is amended to read:

156.10 [UNLAWFUL PRACTICE WITHOUT LICENSE OR PERMIT; GROSS MISDEMEANOR.]

It ~~shall be unlawful~~ is a gross misdemeanor for any person to practice veterinary medicine in the state without having first secured a veterinary license or temporary permit, as provided in this chapter~~, and any person violating the provisions of this section shall be guilty of a gross misdemeanor and punished therefor according to the laws of the state~~.

Sec. 48. Minnesota Statutes 1998, section 156.11, is amended to read:

156.11 [~~CORPORATIONS~~ FIRMS NOT TO PRACTICE.]

(a) It ~~shall be~~ is unlawful in ~~the state of~~ Minnesota for any ~~corporation~~ firm, other than one organized pursuant to chapter ~~319A or~~ 319B, to practice veterinary medicine, or to hold itself out or advertise itself in any way as being entitled to practice veterinary medicine, or to receive ~~the fees, or portions of fees, or gifts or other emoluments or benefits~~ compensation derived from the practice of veterinary medicine~~,~~ or the performance of veterinary services by any person, whether ~~such~~ that person ~~be~~ is licensed to practice veterinary medicine or not. Any ~~corporation~~ firm violating the provisions of this section ~~shall be~~ is guilty of a gross misdemeanor and must be fined not more than $3,000 for each offense~~, and~~. Each day that this ~~chapter~~ section is violated ~~shall be considered~~ is a separate offense.

(b) Notwithstanding section 319B.08, a veterinary medical practice firm has 12 months after the death of an owner before all of the owner's ownership interest must be acquired by the practice, by persons permitted to own the ownership interest, or by some combination.

Sec. 49. Minnesota Statutes 1998, section 156.12, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZED ACTIVITIES.] No provision of this chapter shall be construed to prohibit:

(a) a person from rendering necessary gratuitous assistance in the treatment of any animal when the assistance does not amount to prescribing, testing for, or diagnosing, operating, or vaccinating and when the attendance of a licensed veterinarian cannot be procured;

(b) a person who is a regular student in an accredited or approved college of veterinary medicine from performing duties or actions assigned by instructors or preceptors or working under the direct supervision of a licensed veterinarian;

(c) a veterinarian regularly licensed in another jurisdiction from consulting with a licensed veterinarian in this state;

(d) the owner of an animal and the owner's regular employee from caring for and ~~treating~~ administering to the animal belonging to the owner, except where the ownership of the animal was transferred for purposes of circumventing this chapter;

(e) veterinarians employed by the University of Minnesota from performing their duties with the college of veterinary medicine, college of agriculture, agricultural experiment station, agricultural extension service, medical school, school of public health, or other unit within the university; or a person from lecturing or giving instructions or demonstrations at the university or in connection with a continuing education course or seminar to veterinarians;

(f) any person from selling or applying any pesticide, insecticide or herbicide;

(g) any person from engaging in bona fide scientific research or investigations which reasonably requires experimentation involving animals;

(h) any employee of a licensed veterinarian from performing duties other than diagnosis, prescription or surgical correction under the direction and supervision of the veterinarian, who shall be responsible for the performance of the employee;

(i) a graduate of a foreign college of veterinary medicine from working under the direct personal instruction, control, or supervision of a veterinarian faculty member of the College of Veterinary Medicine, University of Minnesota in order to complete the requirements necessary to obtain an ECFVG certificate.

Sec. 50. Minnesota Statutes 1998, section 156.12, subdivision 4, is amended to read:

Subd. 4. [TITLES.] It ~~shall be~~ is unlawful for a person who has not received a professional degree from an accredited or approved college of veterinary medicine, or ECFVG certification, to use any of the following titles or designations: Veterinary, veterinarian, animal doctor, animal surgeon, animal dentist, animal chiropractor, animal acupuncturist, or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the person is qualified to practice veterinary medicine.

Sec. 51. Minnesota Statutes 1998, section 216B.2424, is amended by adding a subdivision to read:

Subd. 6. [FUEL SUPPLY CONTRACT.] Notwithstanding any other provision of this section, a public utility may satisfy up to 75 megawatts of the mandate in subdivision 5 by converting power purchase agreements entered into to satisfy that mandate and executed prior to March 15, 1999, into fuel supply agreements between the same parties.

Sec. 52. Minnesota Statutes 1998, section 239.791, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM OXYGEN CONTENT REQUIRED.] Except as provided in subdivisions 10 to ~~12~~ 14, a person responsible for the product shall comply with the following requirements:

(a) After October 1, 1995, gasoline sold or offered for sale at any time in a carbon monoxide control area must contain at least 2.7 percent oxygen by weight.

(b) After October 1, 1997, all gasoline sold or offered for sale in Minnesota must contain at least 2.7 percent oxygen by weight.

Sec. 53. Minnesota Statutes 1998, section 239.791, subdivision 12, is amended to read:

Subd. 12. [EXEMPTION FOR COLLECTOR VEHICLE AND OFF-ROAD USE.] (a) ~~Except during a carbon monoxide control period in a carbon monoxide control area,~~ A person responsible for the product may offer for sale, sell, or dispense at a retail gasoline station for use in collector vehicles or vehicles eligible to be licensed as collector vehicles, off-road vehicles, motorcycles, boats, snowmobiles, or small engines, gasoline that is not oxygenated in accordance with subdivision 1 if the person meets the conditions in paragraphs (b) to ~~(d)~~ (e). If the nonoxygenated gasoline is for use in a small engine, it must be dispensed into a can with a capacity of six or fewer gallons.

(b) The nonoxygenated gasoline must be unleaded premium grade as defined in section 239.751, subdivision 4.

(c) No more than one storage tank on the premises of the retail gasoline station may be used for storage of the nonoxygenated gasoline offered for sale, sold, or dispensed by the station.

(d) The pump stands must be posted with a permanent notice stating: "NONOXYGENATED GASOLINE. FOR USE IN COLLECTOR VEHICLES OR VEHICLES ELIGIBLE TO BE LICENSED AS COLLECTOR VEHICLES, OFF-ROAD VEHICLES, MOTORCYCLES, BOATS, SNOWMOBILES, OR SMALL ENGINES ONLY."

(e) A retail gasoline station that sells or offers for sale nonoxygenated premium grade gasoline under this subdivision must annually report to the division of weights and measures, department of public service, on forms provided by the division, the total number of gallons of nonoxygenated gasoline sold. Data submitted to the department under this paragraph are nonpublic data as defined in section 13.02, subdivision 9.

Sec. 54. Minnesota Statutes 1998, section 239.791, is amended by adding a subdivision to read:

Subd. 13. [EXEMPTION FOR CERTAIN RIPARIAN LANDOWNERS.] (a) A person responsible for the product may offer for sale, sell, and deliver directly to a bulk fuel storage tank gasoline that is not oxygenated in accordance with subdivision 1 if the conditions in paragraphs (b) to (e) are met.

(b) The nonoxygenated gasoline must be unleaded premium grade as defined in section 239.751, subdivision 4.

(c) The bulk fuel storage tank must be stationary or permanent.

(d) The bulk fuel storage tank must be under the control of an owner of littoral or riparian property and located on that littoral or riparian property.

(e) The nonoxygenated gasoline must be purchased for use in vehicles that would qualify for an exemption under subdivision 12, paragraph (a).

Sec. 55. Minnesota Statutes 1998, section 239.791, is amended by adding a subdivision to read:

Subd. 14. [EXEMPTION FOR AIRCRAFT OPERATORS.] A person responsible for the product may offer for sale, sell, and deliver directly to a bulk fuel storage tank gasoline that is not oxygenated in accordance with subdivision 1 for use in aircraft if the nonoxygenated gasoline is unleaded premium grade as defined in section 239.751, subdivision 4.

Sec. 56. Minnesota Statutes 1998, section 500.24, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Farming" means the production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products, the production of poultry or poultry products, or the feeding and caring for livestock that are delivered to a corporation for slaughter or processing for up to 20 days before slaughter or processing.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards:

(1) it has no more than five shareholders;

(2) all its shareholders, other than any estate, are natural persons;

(3) it does not have more than one class of shares;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) shareholders holding 51 percent or more of the interest in the corporation reside on the farm or are actively engaging in farming;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.

(e) "Authorized livestock farm corporation" means a corporation formed for the production of livestock and meeting the following standards:

(1) it is engaged in the production of livestock other than dairy cattle;

(2) all its shareholders, other than any estate, are natural persons or family farm corporations;

(3) it does not have more than one class of shares;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) shareholders holding 75 percent or more of the control, financial, and capital investment in the corporation are farmers residing in Minnesota and at least 51 percent of the required percentage of farmers are actively engaged in livestock production;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.

(f) "Agricultural land" means real estate used for farming or capable of being used for farming in this state.

(g) "Pension or investment fund" means a pension or employee welfare benefit fund, however organized, a mutual fund, a life insurance company separate account, a common trust of a bank or other trustee established for the investment and reinvestment of money contributed to it, a real estate investment trust, or an investment company as defined in United States Code, title 15, section 80a-3.

(h) "Farm homestead" means a house including adjoining buildings that has been used as part of a farming operation or is part of the agricultural land used for a farming operation.

(i) "Family farm partnership" means a limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is residing on or actively operating the farm, and none of the partners are corporations. A family farm partnership does not cease to qualify as a family farm partnership because of a devise or bequest of interest in the partnership.

(j) "Authorized farm partnership" means a limited partnership meeting the following standards:

(1) it has been issued a certificate from the secretary of state or is registered with the county recorder and farming and ownership of agricultural land is stated as a purpose or character of the business;

(2) no more than five partners;

(3) all its partners, other than any estate, are natural persons;

(4) its revenue from rent, royalties, dividends, interest, and annuities do not exceed 20 percent of its gross receipts;

(5) its general partners hold at least 51 percent of the interest in the land assets of the partnership and reside on the farm or are actively engaging in farming not more than 1,500 acres as a general partner in an authorized limited partnership;

(6) its limited partners do not participate in the business of the limited partnership including operating, managing, or directing management of farming operations;

(7) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(8) none of its limited partners are limited partners in other authorized farm partnerships that directly or indirectly in combination with the partnership own more than 1,500 acres of agricultural land.

(k) "Farmer" means a natural person who regularly participates in physical labor or operations management in the person's farming operation and files "Schedule F" as part of the person's annual Form 1040 filing with the United States Internal Revenue Service.

(l) "Actively engaged in livestock production" means performing day-to-day physical labor or day-to-day operations management that significantly contributes to livestock production and the functioning of a livestock operation.

(m) "Research or experimental farm" means a corporation, limited partnership, or pension or investment fund that owns or operates agricultural land for research or experimental purposes, provided that any commercial sales from the operation are incidental to the research or experimental objectives of the corporation. A corporation, limited partnership, or pension or investment fund seeking initial approval by the commissioner to operate agricultural land for research or experimental purposes must first submit to the commissioner a prospectus or proposal of the intended method of operation containing information required by the commissioner including a copy of any operational contract with individual participants.

(n) "Breeding stock farm" means a corporation or limited partnership that owns land for the purpose of raising breeding stock, including embryos, for resale to farmers or for the purpose of growing seed, wild rice, nursery plants, or sod. An entity that is organized to raise livestock other than dairy cattle under this paragraph that does not qualify as an authorized farm corporation must:

(1) sell all castrated animals to be fed out or finished to farming operations that are neither directly nor indirectly owned by the business entity operating the breeding stock operation; and

(2) report its total production and sales annually to the commissioner.

(o) "Aquatic farm" means a corporation or limited partnership that owns or leases agricultural land as a necessary part of an aquatic farm as defined in section 17.47, subdivision 3.

(p) "Religious farm" means a corporation formed primarily for religious purposes whose sole income is derived from agriculture.

(q) "Utility corporation" means a corporation regulated under Minnesota Statutes 1974, chapter 216B, that owns agricultural land for purposes described in that chapter, or an electric generation or transmission cooperative that owns agricultural land for use in its business if the land is not used for farming except under lease to a family farm unit, a family farm corporation, or a family farm partnership.

(r) "Benevolent trust" means a pension fund or family trust established by the owners of a family farm, authorized farm corporation, authorized livestock farm corporation, or family farm corporation that holds an interest in title to agricultural land on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by paragraph (b), (c), (d), or (e).

(s) "Development organization" means a corporation, limited partnership, or pension or investment fund that owns agricultural land for which the corporation, limited partnership, or pension or investment fund has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A corporation, limited partnership, or pension or investment fund may hold agricultural land in the amount necessary for its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, the land may not be used for farming except under lease to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or an authorized farm partnership, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation that has entered into an agreement with the United States under the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation.

(t) "Exempt land" means agricultural land owned or leased by a corporation as of May 20, 1973, agricultural land owned or leased by a pension or investment fund as of May 12, 1981, or agricultural land owned or leased by a limited partnership as of May 1, 1988, including the normal expansion of that ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, for a corporation; May 12, 1981, for a pension or investment fund; or May 1, 1988, for a limited partnership, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules. A corporation, limited partnership, or pension or investment fund that is eligible to own or lease agricultural land under this section prior to May 1997 may continue to own or lease agricultural land subject to the same conditions and limitations as previously allowed.

(u) "Gifted land" means agricultural land acquired as a gift, either by grant or devise, by an educational, religious, or charitable nonprofit corporation, limited partnership, or pension or investment fund if all land so acquired is disposed of within ten years after acquiring the title.

(v) "Repossessed land" means agricultural land acquired by a corporation, limited partnership, or pension or investment fund by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim on the land, whether created by mortgage or otherwise if all land so acquired is disposed of within five years after acquiring the title. The five-year limitation is a covenant running with the title to the land against any grantee, assignee, or successor of the pension or investment fund, corporation, or limited partnership. The land so acquired must not be used for farming during the five-year period, except under a lease to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or an authorized farm partnership. Notwithstanding the five-year divestiture requirement under this paragraph, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must dispose of the agricultural land within ten years of acquiring the title. Livestock acquired by a pension or investment fund, corporation, or limited partnership in the collection of debts, or by a procedure for the enforcement of lien or claim on the livestock whether created by security agreement or otherwise after August 1, 1994, must be sold or disposed of within one full production cycle for the type of livestock acquired or 18 months after the livestock is acquired, whichever is later.

(w) "Commissioner" means the commissioner of agriculture.

(x) "Demonstration corporation" means a nonprofit corporation organized under state nonprofit corporation law and formed primarily for the purpose of demonstrating historical farming practices.

Sec. 57. Minnesota Statutes 1998, section 500.24, subdivision 3, is amended to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.] No corporation, limited liability company, pension or investment fund, or limited partnership shall engage in farming; nor shall any corporation, limited liability company, pension or investment fund, or limited partnership, directly or indirectly, own, acquire, or otherwise obtain any interest, in agricultural land other than a bona fide encumbrance taken for purposes of security. This subdivision does not apply to general partnerships. This

subdivision does not apply to any agricultural land, corporation, limited partnership, or pension or investment fund that meet any of the definitions in subdivision 2, paragraphs (b) to (e), (i), (j), ~~and~~ (m) to (v), and (x), has a conservation plan prepared for the agricultural land, and reports as required under subdivision 4.

Sec. 58. [AGRICULTURAL PRODUCER CONTRACTS; ROUNDTABLE ON CONTRACT FARMING.]

Subdivision 1. [PURPOSE; LEGISLATIVE FINDINGS.] The legislature finds that continuing changes in the agricultural livestock, poultry, commodity crop, and specialty crop industries have led to an ever larger portion of Minnesota farmers who produce under contract for processors. To the extent that production under contract lessens competition and dulls important market signals, independent producers are left at a critical economic disadvantage. The legislature finds further that the study and recommendations authorized by this section will identify ways to assure that competitive markets remain for producers who choose not to produce under contract.

Subd. 2. [CREATION; MEMBERSHIP.] (a) There is hereby created a roundtable on contract farming with 22 members appointed as follows:

(1) the chair of the agriculture and rural development committee of the senate shall appoint one citizen member with education and experience in the area of agricultural economics, one citizen member who is the operator of a production agriculture farm in the state, one processor of agricultural livestock, one poultry processor, and three members of the senate, at least one of whom must be a member of the minority caucus;

(2) the chair of the agriculture and rural development finance committee of the house of representatives shall appoint one citizen member with education and experience in the area of agricultural economics, one citizen member who is the operator of a production agriculture farm in the state, one poultry producer, one processor of agricultural commodities, and three members of the house of representatives, at least one of whom must be a member of the minority caucus;

(3) the governor shall appoint three members, one each representing processors of agricultural livestock, poultry, commodity crops, or specialty crops;

(4) the governor shall appoint two members representing different types of financial institutions or organizations of financial institutions;

(5) the Minnesota Farm Bureau Federation shall appoint one member;

(6) the Minnesota Farmers Union shall appoint one member;

(7) the Minnesota Cattlemen's Association shall appoint one member; and

(8) the Minnesota Pork Producers Association shall appoint one member.

(b) All appointments must be made June 15, 1999.

(c) Citizen members of the roundtable serve without compensation but may be reimbursed for expenses as provided in Minnesota Statutes, section 15.059, subdivision 6.

(d) The first meeting of the roundtable must be called and convened by the chairs of the agriculture policy committees of the senate and the house of representatives. Roundtable members must then elect a permanent chair from among the roundtable members.

(e) The roundtable may organize itself into two or more committees each concentrating on the issues most relevant to particular types of producer contracts, such as agricultural livestock or poultry contracts, commodity crop contracts, or specialty crop contracts. If committees of the roundtable are formed, they must report their findings to the full roundtable.

Subd. 3. [CHARGE.] The roundtable shall examine current and projected impacts of agricultural livestock, poultry, commodity crops, and specialty crops produced under contract with processors and the effect of contract production on the availability or distortion of valid market price information and access to competitive markets for other producers. In fulfilling its charge, the roundtable may consult with persons involved with or affected by activities and recommendations of the agricultural marketing and bargaining task force created under Laws 1997, chapter 142.

Subd. 4. [RESOURCES; STAFF SUPPORT; CONTRACT SERVICES.] The commissioner of agriculture shall provide necessary resources and staff support for the meetings, hearings, activities, and report of the roundtable. To the extent the roundtable determines it appropriate to contract with nonstate providers for research or analytical services, the commissioner shall serve as the fiscal agent for the roundtable.

Subd. 5. [PUBLIC HEARINGS.] The roundtable shall hold at least four public hearings on the issue of agricultural production under contract, at least three of which must be held in greater Minnesota.

Subd. 6. [REPORT.] The roundtable shall report its findings to the legislature by January 15, 2000. The report must include recommendations for law or rule changes that would ensure competition and valid market price signals to both contract producers and those who choose not to produce under contract.

Subd. 7. [EXPIRATION.] The roundtable on contract farming expires 45 days after its report and recommendations are delivered to the legislature or on June 1, 2000, whichever date is earlier.

Sec. 59. [BUSINESS CLIMATE FOR DAIRY FARMERS.]

Subdivision 1. [COMMISSIONER TO STUDY, HOLD HEARINGS, AND REPORT WITH RECOMMENDATIONS.] (a) The commissioner of agriculture shall study, in consultation with the chairs of the agriculture policy and finance committees of the senate and the house of representatives, the Minnesota Farmers Union, the Farm Bureau Federation, the National Farmers Organization, and other Minnesota farm organizations, the impact of current and projected trends in dairy farming on Minnesota's dairy farmers and processors and propose a strategic plan to reinvigorate Minnesota's dairy industry.

(b) The commissioner shall hold at least five public hearings in the agricultural regions of Minnesota on the challenges and opportunities for Minnesota's dairy farmers.

(c) Not later than February 15, 2000, the commissioner shall report to the legislature on the findings of the study. The report must include recommendations on improvements in state laws and rules that are in the best interest of Minnesota's dairy industry, environment, social climate, and family farming operations. The report must include:

(1) the impact of current trends on the economic, social, and environmental conditions in rural Minnesota;

(2) the impact of the current laws on dairy farming in Minnesota;

(3) the impact of current dairy farming trends on the long-term viability of the dairy processing industry in Minnesota;

(4) a strategic plan to provide for the financial success and long-term sustainability of dairy farming in Minnesota; and

(5) recommendations on how state government can better assist Minnesota's dairy farmers develop and use appropriate technologies, including the upgrade of milking facilities, rotational grazing, and other sustainable methods.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 60. [URBAN AGRICULTURAL HIGH SCHOOL.]

Subdivision 1. [WORKING GROUP ESTABLISHED.] The commissioner of agriculture, in collaboration with the Minnesota agriculture education leadership council, must establish a working group to develop a proposal for an urban agricultural high school and development of agribusiness partnerships.

Subd. 2. [GRANT PURPOSES.] The planning grant may be used for curriculum design, demographic research, development of partnerships, site acquisition, market assessment of student interest, and facility predesign purposes.

Subd. 3. [REPORT.] The Minnesota agriculture education leadership council must present a report to the legislature by January 15, 2000.

Sec. 61. [FEEDLOT RULE REVIEW.]

To reduce the need for future farm-related state spending, and to ensure legislative intent and oversight, after the effective date of this section, the Minnesota pollution control agency shall not implement any new or increased fees related to livestock or poultry production or implement any new or amended rules or new or increased fees related to the operation of livestock or poultry feedlots until at least 60 days after the proposed rules have been reviewed and approved by majority vote of the standing committees of the senate and the house of representatives having jurisdiction over agricultural policy issues.

Sec. 62. [REVISOR INSTRUCTION.]

The revisor of statutes shall renumber Minnesota Statutes, section 156.072, subdivision 4, as section 156.073.

Sec. 63. [REPEALER.]

Minnesota Statutes 1998, sections 35.245; and 35.96, subdivision 4, are repealed on the day following final enactment. Minnesota Statutes 1998, sections 17.76; 42.01; 42.02; 42.03; 42.04; 42.05; 42.06; 42.07; 42.08; 42.09; 42.10; 42.11; 42.12; 42.13; and 42.14, are repealed.

Sec. 64. [EFFECTIVE DATE.]

Sections 8, 22, 23, 25 to 35, 52 to 55, and 58 are effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environmental, natural resources, and agricultural purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 1998, sections 14.386; 17.115, subdivision 3; 17.116, subdivision 3; 17.136; 17.451, subdivision 2; 17.452, subdivisions 5 and 8; 18B.26, subdivision 5; 18E.02, subdivision 5; 28A.08, subdivision 3; 31.94; 31.95, subdivision 3a; 32.21, subdivision 4; 35.02, subdivision 1; 35.04; 35.05; 35.08; 35.09, subdivisions 2 and 2a; 35.67; 35.68; 35.82, subdivisions 1b, 2, and 3; 35.92, subdivision 5; 35.93, subdivision 1; 41A.09, subdivision 3a; 41D.02, subdivision 2; 84.027, subdivision 15; 84.0855, subdivision 2, and by adding a subdivision; 84.83, subdivisions 3 and 4; 84.86, subdivision 1; 84.862, subdivisions 1 and 2; 84.872, subdivision 1; 84.91, subdivision 1; 84.98, subdivision 6; 85.015, by adding a subdivision; 85.019, subdivision 2, and by adding subdivisions; 86B.415, subdivision 1; 88.067; 92.46, subdivision 1; 97A.075, subdivision 1; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; 97B.020; 103B.227, subdivision 2; 103C.401, by adding a subdivision; 103F.515, subdivision 2; 115.55, subdivision 5a; 115A.02; 115A.554; 115A.918, subdivision 1; 115B.42; 116G.151; 156.001, subdivisions 2, 3, and by adding a subdivision; 156.01, subdivision 3; 156.02, subdivisions 1 and 2; 156.03; 156.072; 156.10; 156.11; 156.12, subdivisions 2 and 4; 169.121, subdivision 3; 169.1217, subdivisions 7a and 9; 169.123, subdivision 1; 171.07, subdivisions 12 and 13; 216B.2424, by adding a subdivision; 239.791, subdivisions 1, 12, and by adding subdivisions; 290.431; 290.432; 297H.13, subdivision 5; 325E.11; 325E.112, subdivisions 1, 2, 3, and 4;

325E.113; 500.24, subdivisions 2 and 3; 574.263; and 574.264, subdivision 1; Laws 1995, chapter 220, section 142, as amended; Laws 1996, chapter 351, section 2, as amended; and Laws 1998, chapter 404, section 7, subdivisions 23 and 26; proposing coding for new law in Minnesota Statutes, chapters 17; 18E; 28A; 31B; 103F; 115B; 116; and 156; repealing Minnesota Statutes 1998, sections 1.31; 17.76; 35.245; 35.96, subdivision 4; 42.01; 42.02; 42.03; 42.04; 42.05; 42.06; 42.07; 42.08; 42.09; 42.10; 42.11; 42.12; 42.13; 42.14; 84B.11; 86B.415, subdivision 7a; 115A.929; 115A.9651; 115A.981; 297H.13, subdivision 6; 325E.112, subdivision 5; and 473.845, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 2388 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Schumacher introduced:

H. F. No. 2416, A bill for an act relating to elections; allowing all towns to adopt November elections; amending Minnesota Statutes 1998, sections 205.075, subdivision 2; and 367.03, subdivision 4.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Schumacher; Johnson; Larson, D.; Rest; Lenczewski; Koskinen and Mahoney introduced:

H. F. No. 2417, A bill for an act relating to education; balancing statewide accountability and district autonomy under the profile of learning; amending Minnesota Statutes 1998, sections 120B.02; 120B.03; 120B.30, subdivision 1; and 120B.35.

The bill was read for the first time and referred to the Committee on Education Policy.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 585, A bill for an act relating to capital investment; reducing an appropriation; making a conforming change; excluding an authorization for certain kitchen facilities; amending a match requirement for the Isle Community Center grant; amending Laws 1998, chapter 404, section 5, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1106, A bill for an act relating to health; limiting use of health information secured as part of HIV vaccine research for insurance underwriting; amending Minnesota Statutes 1998, section 72A.20, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1708, A bill for an act relating to insurance; property and liability; regulating FAIR plan coverage; amending Minnesota Statutes 1998, sections 65A.32; 65A.33, subdivision 3, and by adding a subdivision; 65A.34, subdivisions 1, 4, and 5; 65A.36, subdivisions 1 and 5; 65A.37; 65A.38, subdivision 1; and 65A.42.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 1553, A bill for an act relating to corrections; authorizing offenders conditionally released to perform community work service to file claims for injuries sustained during compensated service; repealing a requirement for a report on training funds; authorizing expenditure of funds for staff working in licensed juvenile facilities; authorizing deduction from an inmate's account of restitution ordered for damage to staff property and personal injuries to another; authorizing Minnesota correctional facility-Red Wing to retain money collected from detention holds and federal contracts; authorizing the commissioner to require any inmate to participate in rehabilitative programs and impose disciplinary sanctions for refusal to participate; exempting licensed contractor requirement for institution work crew program; clarifying that sentence for imprisonment is only for felonies; making certain criminal justice agency records available to commissioner of corrections and probation officers; specifying criteria for commitment of juvenile male offenders at the Minnesota correctional facility-Red Wing; repealing the law authorizing the mutual agreement rehabilitative program; amending Minnesota Statutes 1998, sections 3.739, subdivision 1; 241.01, subdivision 5; 241.0221, subdivisions 1, 2, and 4; 241.26, subdivision 5; 243.23, subdivision 3; 244.03; 244.05, subdivision 1b; 326.84, subdivision 3; 609.105, subdivision 1; and 609.115, subdivision 3; Laws 1997, chapter 239, article 9, section 45; repealing Minnesota Statutes 1998, section 244.02.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McGuire moved that the House concur in the Senate amendments to H. F. No. 1553 and that the bill be repassed as amended by the Senate.

A roll call was requested and properly seconded.

The question was taken on the McGuire motion and the roll was called. There were 119 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Erickson	Huntley	Luther	Paymar	Sykora
Abrams	Finseth	Jaros	Mares	Pelowski	Tingelstad
Anderson, B.	Folliard	Jennings	Mariani	Peterson	Tomassoni
Anderson, I.	Fuller	Johnson	Marko	Pugh	Trimble
Bakk	Gerlach	Juhnke	McCollum	Reuter	Tuma
Biernat	Gleason	Kalis	McElroy	Rhodes	Tunheim
Boudreau	Goodno	Kelliher	McGuire	Rifenberg	Van Dellen
Bradley	Gray	Kielkucki	Milbert	Rostberg	Vandeveer
Buesgens	Greenfield	Knoblach	Molnau	Rukavina	Wagenius
Carlson	Greiling	Koskinen	Mulder	Schumacher	Wejcman
Carruthers	Gunther	Krinkie	Mullery	Seagren	Wenzel
Chaudhary	Haake	Kubly	Ness	Seifert, J.	Westerberg
Clark, J.	Haas	Kuisle	Nornes	Seifert, M.	Westfall
Daggett	Hackbarth	Larsen, P.	Olson	Skoe	Westrom
Davids	Harder	Larson, D.	Opatz	Skoglund	Wilkin
Dawkins	Hasskamp	Leighton	Osskopp	Solberg	Winter
Dehler	Hausman	Lenczewski	Osthoff	Stanek	Wolf
Dorman	Hilty	Leppik	Otremba	Stang	Workman
Dorn	Holsten	Lieder	Paulsen	Storm	Spk. Sviggum
Entenza	Howes	Lindner	Pawlenty	Swenson	

The motion prevailed.

H. F. No. 1553, A bill for an act relating to corrections; authorizing offenders conditionally released to perform community work service to file claims for injuries sustained during compensated service; repealing a requirement for a report on training funds; authorizing expenditure of funds for staff working in licensed juvenile facilities; authorizing deduction from an inmate's account of restitution ordered for damage to staff property and personal injuries to another; authorizing the commissioner to require any inmate to participate in rehabilitative programs and impose disciplinary sanctions for refusal to participate; clarifying that sentence for imprisonment is only for felonies; making certain criminal justice agency records available to commissioner of corrections and probation officers; specifying criteria for commitment of juvenile male offenders at the Minnesota correctional facility-Red Wing; repealing the law authorizing the mutual agreement rehabilitative program; prohibiting use of state funds to acquire art for state correctional facilities; amending Minnesota Statutes 1998, sections 3.739, subdivision 1; 16B.35, by adding a subdivision; 241.01, subdivision 5; 241.0221, subdivisions 1 and 2; 241.26, subdivision 5; 243.23, subdivision 3; 244.03; 244.05, subdivision 1b; 609.105, subdivision 1; and 609.115, subdivision 3; Laws 1997, chapter 239, article 9, section 45; repealing Minnesota Statutes 1998, section 244.02.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Bakk	Bradley	Cassell	Daggett	Dorman
Abrams	Biernat	Buesgens	Chaudhary	Davids	Dorn
Anderson, B.	Bishop	Carlson	Clark, J.	Dawkins	Entenza
Anderson, I.	Boudreau	Carruthers	Clark, K.	Dehler	Erickson

Finseth	Holsten	Larson, D.	Murphy	Rifenberg	Trimble
Folliard	Howes	Leighton	Ness	Rostberg	Tuma
Fuller	Huntley	Lenczewski	Nornes	Rukavina	Tunheim
Gerlach	Jaros	Leppik	Olson	Schumacher	Van Dellen
Gleason	Jennings	Lieder	Opatz	Seagren	Vandeveer
Goodno	Johnson	Lindner	Osskopp	Seifert, J.	Wagenius
Gray	Juhnke	Luther	Osthoff	Seifert, M.	Wejcman
Greenfield	Kahn	Mares	Otremba	Skoe	Wenzel
Greiling	Kalis	Mariani	Paulsen	Skoglund	Westerberg
Gunther	Kelliher	Marko	Pawlenty	Solberg	Westfall
Haake	Kielkucki	McCollum	Paymar	Stanek	Westrom
Haas	Knoblach	McElroy	Pelowski	Stang	Wilkin
Hackbarth	Koskinen	McGuire	Peterson	Storm	Winter
Harder	Krinkie	Milbert	Pugh	Swenson	Wolf
Hasskamp	Kubly	Molnau	Rest	Sykora	Workman
Hausman	Kuisle	Mulder	Reuter	Tingelstad	Spk. Sviggum
Hilty	Larsen, P.	Mullery	Rhodes	Tomassoni	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 556, A bill for an act relating to municipal power agencies; limiting liability for recreational purposes; amending Minnesota Statutes 1998, section 604A.24.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Piper, Ten Eyck and Ourada.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Leighton moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 556. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1471, A bill for an act relating to landlords and tenants; requiring certain limitations on tenant screening fees; proposing coding for new law in Minnesota Statutes, chapter 504.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Murphy; Johnson, D. H., and Limmer.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Storm moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1471. The motion prevailed.

The Speaker called Abrams to the Chair.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1204, A bill for an act relating to the state building code; clarifying the supervision of the state fire marshal; modifying elevator installation provisions; amending Minnesota Statutes 1998, sections 16B.61, subdivision 2; and 16B.745, subdivision 3.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Johnson, D. H.; Ten Eyck and Scheevel.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rostberg moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1204. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 621, A bill for an act relating to public safety; adding various arson definitions relating to flammability; imposing penalties on students who use ignition devices inside educational buildings; amending Minnesota Statutes 1998, sections 609.561, subdivision 3; and 609.5631, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

PATRICK E. FLAHAVEN, Secretary of the Senate

Fuller moved that the House refuse to concur in the Senate amendments to H. F. No. 621, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2225.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2225, A bill for an act relating to human services; appropriating money for the departments of human services and health, the veterans nursing homes board, the health-related boards, the emergency medical services board, the council on disability, the ombudsman for mental health and mental retardation, and the ombudsman for families; establishing the state board of physical therapy; amending Minnesota Statutes 1998, sections 13.99, subdivision 38a, and by adding a subdivision; 16A.76, subdivision 2; 16C.10, subdivision 5; 60A.15, subdivision 1; 62A.045; 62E.11, by adding a subdivision; 62J.69; 116L.02; 125A.08; 125A.21, subdivision 1; 125A.74, subdivisions 1 and 2; 144.065; 144.148; 144.1761, subdivision 1; 144.99, subdivision 1, and by adding a subdivision; 144A.073, subdivision 5; 144A.10, by adding subdivisions; 144A.46, subdivision 2; 144D.01, subdivision 4; 144E.001, by adding subdivisions; 144E.10, subdivision 1; 144E.11, by adding a subdivision; 144E.16, subdivision 4; 144E.18; 144E.27, by adding subdivisions; 144E.50, by adding a subdivision; 145.924; 145.9255, subdivisions 1 and 4; 145A.02, subdivision 10; 145.9255, subdivisions 1 and 4; 148.5194, subdivisions 2, 3, 4, and by adding a subdivision; 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; 148B.32, subdivision 1; 150A.10, subdivision 1; 214.01, subdivision 2; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245A.04, subdivision 3a; 245A.08, subdivision 5; 245A.30; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.291, by adding a subdivision; 252.32, subdivision 3a; 252.46, subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254B.01, by adding a subdivision; 254B.03, subdivision 2; 254B.04, subdivision 1; 254B.05, subdivision 1; 256.01, subdivision 2; 256.015, subdivisions 1 and 3; 256.87, subdivision 1a; 256.955, subdivisions 3, 4, 7, 8, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.042, subdivisions 1, 2, and 3; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, subdivision 3, and by adding a subdivision; 256B.0575; 256B.061; 256B.0625, subdivisions 6a, 8, 8a, 13, 19c, 20, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.064, subdivisions 1a, 1b, 1c, 2, and by adding a subdivision; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, 12, and 16; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.37, subdivision 2; 256B.431, subdivisions 2i, 17, 26, and by adding a subdivision; 256B.434, subdivisions 3, 4, 13, and by adding a subdivision; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a, and by adding a subdivision; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5b, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, and by adding subdivisions; 256D.03, subdivisions 3, 4, and 8; 256D.051, subdivision 2a, and by adding a subdivision; 256D.053, subdivision 1; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, 9, and 10; 256I.04, subdivision 3; 256I.05, subdivisions 1 and 1a; 256J.08, subdivisions 11, 24, 65, 82, 83, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, 9, and by adding a subdivision; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 256J.35; 256J.36; 256J.37, subdivisions 1, 1a, 2, 9, and 10; 256J.38, subdivision 4; 256J.42, subdivisions 1, 5, and by adding a

subdivision; 256J.43; 256J.45, subdivision 1; 256J.46, subdivisions 1, 2, and 2a; 256J.47, subdivision 4; 256J.48, subdivisions 2 and 3; 256J.50, subdivision 1; 256J.515; 256J.52, subdivisions 1, 4, 8, and by adding a subdivision; 256J.55, subdivision 4; 256J.56; 256J.57, subdivision 1; 256J.62, subdivisions 1, 6, 7, 8, 9, and by adding a subdivision; 256J.67, subdivision 4; 256J.74, subdivision 2; 256J.76, subdivisions 1, 2, and 4; 256L.03, subdivisions 5 and 6; 256L.04, subdivisions 2, 7, 8, 11, and 13; 256L.05, subdivision 4, and by adding a subdivision; 256L.06, subdivision 3; 256L.07; 256L.15, subdivisions 1, 1b, 2, and 3; 257.071, subdivisions 1, 1a, 1c, 1d, 1e, 3, and 4; 257.66, subdivision 3; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 4, 5, 6, 7, 9, and 11; 259.29, subdivision 2; 259.67, subdivisions 6 and 7; 259.73; 259.85, subdivisions 2, 3, and 5; 259.89, by adding a subdivision; 260.011, subdivision 2; 260.012; 260.015, subdivisions 2a, 13, and 29; 260.131, subdivision 1a; 260.133, subdivisions 1 and 2; 260.135, by adding a subdivision; 260.172, subdivision 1, and by adding a subdivision; 260.181, subdivision 3; 260.191, subdivisions 1, 1a, 1b, and 3b; 260.192; 260.221, subdivisions 1, 1a, 1b, 1c, 3, and 5; 326.40, subdivisions 2, 4, and 5; 518.10; 518.158, subdivisions 1 and 2; 518.551, by adding a subdivision; 518.5853, by adding a subdivision; 626.556, subdivisions 2, 3, 4, 7, 10, 10b, 10d, 10e, 10f, 10i, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 1; Laws 1995, chapter 178, article 2, section 46, subdivision 10; chapter 207, article 8, section 41, as amended; Laws 1997, chapter 203, article 9, section 19; Laws 1998, chapter 407, article 7, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 10; 62J; 116L; 137; 144; 144A; 144E; 148; 214; 245; 246; 252; 254A; 256; 256B; 256J; and 626; proposing coding for new law as Minnesota Statutes, chapter 256M; repealing Minnesota Statutes 1998, sections 62J.77; 62J.78; 62J.79; 144.0723; 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; 144E.30, subdivisions 1, 2, and 6; 145.46; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256B.74, subdivisions 2 and 5; 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.03; 256J.30, subdivision 6; 256J.53, subdivision 4; 256J.62, subdivisions 2, 3, and 5; 257.071, subdivisions 8 and 10; and 462A.208; Laws 1997, chapter 85, article 1, section 63; chapter 203, article 4, section 55; chapter 225, article 6, section 8; Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900; 4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 4690.2200, subparts 1, 3, 4, and 5; 4690.2300; 4690.2400, subparts 1, 2, and 3; 4690.2500; 4690.2900; 4690.3000; 4690.3700; 4690.3900; 4690.4000; 4690.4100; 4690.4200; 4690.4300; 4690.4400; 4690.4500; 4690.4600; 4690.4700; 4690.4800; 4690.4900; 4690.5000; 4690.5100; 4690.5200; 4690.5300; 4690.5400; 4690.5500; 4690.5700; 4690.5800; 4690.5900; 4690.6000; 4690.6100; 4690.6200; 4690.6300; 4690.6400; 4690.6500; 4690.6600; 4690.6700; 4690.6800; 4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Goodno moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2225 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Goodno moved that the rules of the House be so far suspended that S. F. No. 2225 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2225 was read for the second time.

Goodno moved to amend S. F. No. 2225 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 2412, the first engrossment:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other specified fund, to the agencies named for the purposes specified in the sections of article 1, and are available for the fiscal years indicated for each purpose. The figures "2000" and "2001," where used in this article, mean the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively. Where a dollar amount appears in parentheses, it means a reduction of an appropriation.

SUMMARY BY FUND

APPROPRIATIONS	2000	2001	BIENNIAL TOTAL
General	$2,667,477,000	$2,799,984,000	$5,467,461,000
State Government Special Revenue	35,434,000	35,176,000	70,610,000
Health Care Access	147,306,000	178,736,000	326,042,000
Lottery Prize Fund	1,300,000	1,300,000	2,600,000
Trunk Highway	1,708,000	1,737,000	3,445,000
TOTAL	$2,853,225,000	$3,016,933,000	$5,870,158,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Sec. 2. COMMISSIONER OF HUMAN SERVICES		
Subdivision 1. Total Appropriation	$2,699,235,000	$2,862,666,000
Summary by Fund		
General	2,562,526,000	2,694,616,000
State Government Special Revenue	485,000	507,000
Health Care Access	134,924,000	166,243,000
Lottery Prize Fund	1,300,000	1,300,000
Subd. 2. Agency Management		
General	28,569,000	28,777,000
State Government Special Revenue	371,000	392,000
Health Care Access	3,268,000	3,321,000

The amounts that may be spent from the appropriation for each purpose are as specified:

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001

(a) Financial Operations

General	7,701,000	7,877,000
Health Care Access	691,000	702,000

[RECEIPTS FOR SYSTEMS PROJECTS.] Appropriations and federal receipts for information system projects for MAXIS, electronic benefit system, social services information system, child support enforcement, and Minnesota medicaid information system (MMIS II) must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the Minnesota office of technology, funded by the legislature, and approved by the commissioner of finance may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

(b) Legal and Regulation Operations

General	6,569,000	6,671,000
State Government Special Revenue	371,000	392,000
Health Care Access	141,000	145,000

(c) Management Operations

General	14,229,000	14,229,000
Health Care Access	2,436,000	2,474,000

Subd. 3. Children's Grants

General	53,692,000	54,773,000

[CRISIS NURSERY DEVELOPMENT.] Of this appropriation, $1,000,000 in fiscal year 2000 is appropriated to the commissioner for grants to develop new crisis nurseries. Preference must be given to crisis nursery grantees under Laws 1998, chapter 407, article 1, section 2, subdivision 2. This is a one-time appropriation that is available until June 30, 2001, and shall not become part of base level funding for crisis nurseries for the 2002-2003 biennium.

Subd. 4. Children's Services Management

General	3,975,000	4,015,000

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Subd. 5. Basic Health Care Grants

Summary by Fund

General	877,993,000	937,069,000
Health Care Access	116,439,000	147,484,000

The amounts that may be spent from this appropriation for each purpose are as specified:

(a) MinnesotaCare Grants

Health Care Access	116,439,000	147,484,000

(b) Medical Assistance Basic Health Care Grants; Families and Children

General	308,192,000	322,057,000

[COMMUNITY DENTAL CLINICS.] Of this appropriation, $600,000 each year is for the commissioner to provide start-up grants to establish community dental clinics under Minnesota Statutes, section 256B.76, paragraph (b), clause (5). The commissioner shall award four $150,000 grants each year, and shall require grant recipients to match the state grant with nonstate funding on a one-to-one basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(c) Medical Assistance Basic Health Care Grants; Elderly and Disabled

General	409,919,000	459,980,000

[SURCHARGE COMPLIANCE.] In the event that federal financial participation in the Minnesota medical assistance program is reduced as a result of a determination that the surcharge and intergovernmental transfers governed by Minnesota Statutes, sections 256.9657 and 256B.19 are out of compliance with United States Code, title 42, section 1396b(w), or its implementing regulations or with any other federal law designed to restrict provider tax programs or intergovernmental transfers, the commissioner shall appeal the determination to the fullest extent permitted by law and may ratably reduce all medical assistance and general assistance medical care payments to providers other than the state of Minnesota in order to eliminate any shortfall resulting from the reduced federal funding. Any amount later recovered through the appeals process shall be used to reimburse providers for any ratable reductions taken.

[BLOOD PRODUCTS LITIGATION.] To the extent permitted by federal law, Minnesota Statutes, sections 256.015, 256B.042, and 256B.15, are waived as necessary for the limited purpose of resolving the state's claims in connection with In re Factor VIII or IX Concentrate Blood Products Litigation, MDL-986, No. 93-C7452 (N.D.III.).

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(d) General Assistance Medical Care

General	143,299,000	129,661,000

(e) Basic Health Care; Nonentitlement

General	16,583,000	25,371,000

[NONPROFIT DENTAL SERVICES GRANT.] Of this appropriation, $75,000 for the biennium is to the commissioner for a grant to a nonprofit dental provider group operating a dental clinic in Clay county, to increase access to dental services for recipients of medical assistance, general assistance medical care and MinnesotaCare in the northwest area of the state. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

Subd. 6. Basic Health Care Management

General	23,263,000	23,374,000
Health Care Access	13,904,000	14,120,000

The amounts that may be spent from this appropriation for each purpose are as specified:

(a) Health Care Policy Administration

General	3,081,000	3,092,000
Health Care Access	570,000	582,000

[MINNESOTACARE OUTREACH FEDERAL MATCHING FUNDS.] Any federal matching funds received as a result of the MinnesotaCare outreach activities authorized by Laws 1997, chapter 225, article 7, section 2, subdivision 1, shall be deposited in the health care access fund.

[FEDERAL RECEIPTS FOR ADMINISTRATION.] Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation pertaining to grants shall be deposited in the federal fund and shall offset health care access funds for payments to providers.

(b) Health Care Operations

General	20,182,000	20,282,000
Health Care Access	13,334,000	13,538,000

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[SYSTEMS CONTINUITY.] In the event of disruption of technical systems or computer operations, the commissioner may use available grant appropriations to ensure continuity of payments for maintaining the health, safety, and well-being of clients served by programs administered by the department of human services. Grant funds must be used in a manner consistent with the original intent of the appropriation.

[PREPAID MEDICAL PROGRAMS.] The nonfederal share of the prepaid medical assistance program fund, which has been appropriated to fund county managed care advocacy and enrollment operating costs, shall be disbursed as grants using either a reimbursement or block grant mechanism and may also be transferred between grants and nongrant administration costs with approval of the commissioner of finance.

[ELIGIBILITY DETERMINATION FUNDING.] Increased federal funds for the costs of eligibility determination and other permitted activities that are available to the state through section 114 of the Personal Responsibility and Work Opportunity Reconciliation Act, Public Law Number 104-193, are appropriated to the commissioner.

[MINNESOTA SENIOR HEALTH OPTIONS PROJECT.] Of this appropriation, up to $200,000 may be transferred to the Minnesota senior health options project special revenue account during the biennium ending June 30, 2001, to serve as matching funds.

Subd. 7. State-Operated Services

General	206,862,000	211,073,000

[REGIONAL TREATMENT CENTER POPULATION.] If the resident population at the regional treatment centers is projected to be higher than the estimates upon which the medical assistance forecast and budget recommendations for the 2000-2001 biennium is based, the amount of the medical assistance appropriation that is attributable to the cost of services that would have been provided as an alternative to regional treatment center services, including resources for community placements and waivered services for persons with mental retardation and related conditions, is transferred to the residential facilities appropriation.

[LEAVE LIABILITIES.] The accrued leave liabilities of state employees transferred to state-operated community service programs may be paid from the appropriation for state operated services. Funds set aside for this purpose shall not exceed the amount of the actual leave liability calculated as of June 30, 2000, and shall be available until expended. This provision is effective the day following final enactment.

The amounts that may be spent from this appropriation for each purpose are as specified:

(a) State-Operated Services; Campus-Based Programs

General	185,676,000	189,309,000

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[MITIGATION RELATED TO DEVELOPMENTAL DISABILITIES DOWNSIZING.] Money appropriated to finance mitigation expenses related to the downsizing of regional treatment center developmental disabilities programs may be transferred between fiscal years within the biennium.

[REPAIRS AND BETTERMENTS.] The commissioner may transfer unencumbered appropriation balances between fiscal years for the state residential facilities repairs and betterments account and special equipment.

[PROJECT LABOR.] Wages for project labor may be paid by the commissioner of human services out of repairs and betterments money if the individual is to be engaged in a construction project or a repair project of short-term and nonrecurring nature. Compensation for project labor shall be based on the prevailing wage rates, as defined in Minnesota Statutes, section 177.42, subdivision 6. Project laborers are excluded from the provisions of Minnesota Statutes, sections 43A.22 to 43A.30, and shall not be eligible for state-paid insurance and benefits.

[DAY TRAINING SERVICES.] In order to ensure eligible individuals have access to day training and habilitation services, the Minnesota extended treatment options program and state operated community services operating according to Minnesota Statutes, section 252.50, are exempt from the provisions of Minnesota Statutes, section 252.41, subdivision 9, clause (2), until July 1, 2001.

The commissioner shall assure that for persons subject to this exemption, alternative private service options which meet the person's needs shall be offered to the person and their guardian at the person's next annual review meeting. By January 15, 2000, the commissioner shall provide recommendations to the legislature on action needed to assure that the Minnesota extended treatment option and state-operated community services will comply with Minnesota Statutes, section 252.41, subdivision 9, by July 1, 2001.

[YEAR 2000 COSTS AT RTCS.] Of this appropriation, $44,000 is for the costs associated with addressing potential year 2000 problems. Of this amount, $19,000 is available the day following final enactment.

(b) State-Operated Community Services; Northeast Minnesota Mental Health Services

General	3,936,000	3,960,000

(c) State-Operated Community Services; Statewide DD Supports

General	15,493,000	16,047,000

(d) State-Operated Services; Enterprise Activities

General	1,757,000	1,757,000

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[REGIONAL TREATMENT CENTER CHEMICAL DEPENDENCY PROGRAMS.] When the operations of the regional treatment center chemical dependency fund created in Minnesota Statutes, section 246.18, subdivision 2, are impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may transfer general fund cash reserves into this account as necessary to meet cash demands. The cash flow transfers must be returned to the general fund in the fiscal year that the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not the regional treatment center chemical dependency fund.

Subd. 8. Continuing Care and Community Support Grants

General	1,171,961,000	1,254,399,000
Lottery Prize Fund	1,158,000	1,158,000

The amounts that may be spent from this appropriation for each purpose are as specified:

(a) Community Social Services Block Grants

42,309,000	43,201,000

(b) Consumer Support Grants

1,123,000	1,123,000

(c) Aging Adult Service Grants

8,841,000	7,265,000

[LIVING-AT-HOME/BLOCK NURSE PROGRAM.] Of this appropriation, $576,000 for the biennium is to expand the living-at-home/block nurse program. Of this amount, $480,000 for the biennium is for the commissioner to provide funding to twelve additional living-at-home/block nurse programs, and $96,000 for the biennium is for the commissioner to provide additional contract funding for the organization awarded the contract for the living-at-home/block nurse program.

[HEALTH INSURANCE COUNSELING AT AREA AGENCIES ON AGING.] Of this appropriation, $1,000,000 in fiscal year 2000 is to the commissioner for the board on aging, for the board to award health insurance counseling and assistance grants to the area agencies on aging. Of this amount, $360,000 is for the area agencies on aging to provide state-funded health insurance counseling services, and $640,000 is for the board to distribute on a competitive basis to area agencies on aging, based on criteria that is jointly developed by the board and the area agencies on aging. The senior linkage line services of the board and the area

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agencies on aging must be used to provide access to the health insurance counseling programs. The board shall explore opportunities for obtaining alternative funding from nonstate sources, including contributions from individuals seeking the health insurance counseling services. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(d) Deaf and Hard-of-Hearing Services Grants

	1,853,000	1,753,000

[DEAF-BLIND ORIENTATION AND MOBILITY SERVICES.] Of this appropriation, $120,000 for the biennium is to the commissioner for a grant to DeafBlind Services Minnesota to hire an orientation and mobility specialist to work with deaf-blind people. The specialist will provide services to deaf-blind Minnesotans, and training to teachers and rehabilitation counselors, on a statewide basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[SERVICES TO DEAF PERSONS WITH MENTAL ILLNESS.] Of this appropriation, $100,000 each year is to the commissioner for a grant to a nonprofit agency that currently serves deaf and hard-of-hearing adults with mental illness through residential programs and supported housing outreach. The grant must be used to operate a community support program for persons with mental illness that is communicatively accessible for persons who are deaf or hard-of-hearing. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(e) Mental Health Grants

General	46,930,000	46,261,000
Lottery Prize Fund	1,158,000	1,158,000

[ADOLESCENT COMPULSIVE GAMBLING GRANT.] $150,000 each year shall be transferred by the director of the lottery from the lottery prize fund created under Minnesota Statutes, section 349A.10, subdivision 2, to the general fund. $150,000 each year is appropriated from the general fund to the commissioner for the purposes of a grant to a compulsive gambling council located in St. Louis county for a statewide compulsive gambling prevention and education project for adolescents.

[ADULT MENTAL ILLNESS CRISIS HOUSING.] Of this appropriation, $126,000 in fiscal year 2000 and $174,000 in fiscal year 2001 is for the adult mental illness crisis housing assistance program under Minnesota Statutes, section 245.99. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

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[RURAL MENTAL HEALTH SERVICES.] Of this appropriation, $2,000,000 for the biennium is to the commissioner for grants to counties, private nonprofit organizations or other entities to provide mental health outreach, support, intervention, assessment, treatment and emergency services to farm families and individuals affected by the farm crisis. Of this amount, $1,000,000 is for grants to the following counties: Roseau, Kittson, Marshall, Pennington, Red Lake, Polk, Mahnomen, Clay, Wilkin, Becker, and Norman.

[CRISIS INTERVENTION PROJECT CARRYFORWARD.] Unexpended funds appropriated to the commissioner in Laws 1998, chapter 407, article 1, section 2, subdivision 6, for fiscal year 1999 for the action, support, and prevention project of southeastern Minnesota, do not cancel but are available until June 30, 2000. This provision is effective the day following final enactment.

(f) Developmental Disabilities Community Support Grants

11,728,000 11,900,000

[SILS FUNDING.] Of this appropriation, $2,000,000 each year is for semi-independent living services under Minnesota Statutes, section 252.275. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

[FAMILY SUPPORT GRANTS.] Of this appropriation, $2,500,000 each year is to increase the availability of family support grants under Minnesota Statutes, section 252.32. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

(g) Medical Assistance Long-Term Care Waivers and Home Care

349,152,000 418,041,000

[FISCAL YEAR 2000 AND FISCAL YEAR 2001 COMMUNITY-BASED PROVIDER RATE INCREASE.] (1) The commissioner shall increase reimbursement or allocation rates by three percent on July 1, 1999, and an additional three percent on July 1, 2000, for the following services rendered on or after July 1, 1999: home and community-based waiver services for persons with mental retardation or related conditions under Minnesota Statutes, section 256B.501; home and community-based waiver services for the elderly under Minnesota Statutes, section 256B.0915; waivered services under community alternatives for disabled individuals under Minnesota Statutes, section 256B.49; community alternative care waivered services under Minnesota Statutes, section 256B.49; traumatic brain injury

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waivered services under Minnesota Statutes, section 256B.49; nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a; private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7; day training and habilitation services for adults with mental retardation or related conditions under Minnesota Statutes, sections 252.40 to 252.46; alternative care services under Minnesota Statutes, section 256B.0913; adult residential program grants under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants under Minnesota Rules, parts 9535.1700 to 9535.1760; semi-independent living services under Minnesota Statutes, section 252.275, including semi-independent living services funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I; day treatment under Minnesota Rules, part 9505.0323; nonphysician services provided by community mental health centers under Minnesota Statutes, section 256B.0625, subdivision 5; the skills training component of (a) family community support services under Minnesota Statutes, section 256B.0625, subdivision 35, (b) therapeutic support of foster care under Minnesota Statutes, section 256B.0625, subdivision 36, and (c) home-based treatment under Minnesota Rules, part 9505.0324; and community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication.

(2) For services that are administered through the county, the county board shall adjust provider contracts as needed to reflect the rate increases under this provision.

(3) It is the intention of the legislature that the compensation packages of direct-care staff providing a listed service be increased by three percent for each fiscal year.

(4) Effective January 1, 2000, and January 1, 2001, the commissioner shall increase capitation rates in the prepaid medical assistance program, prepaid general assistance medical care program, and prepaid MinnesotaCare program as necessary to reflect the rate increases under this provision.

(5) Section 13, sunset of uncodified language, does not apply to this provision.

[DEVELOPMENTAL DISABILITIES WAIVER SLOTS.] Of this appropriation, $4,365,000 in fiscal year 2000 and $11,707,000 in fiscal year 2001 is to increase the availability of home and community-based waiver services for persons with mental retardation or related conditions.

[TRAUMATIC BRAIN INJURY DEMO PROJECT.] Of this appropriation, $50,000 in fiscal year 2000 is for the traumatic brain injury demonstration project. This is a one-time appropriation and shall not become part of the base level funding for this activity for the 2002-2003 biennium.

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(h) Medical Assistance Long-Term Care Facilities

545,932,000 565,700,000

[ICF/MR DISALLOWANCES.] Of this appropriation, $65,000 in fiscal 2000 is to reimburse a four-bed ICF/MR in Ramsey county for disallowances resulting from field audit findings. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[OLDER ADULT SERVICES PLANNING AND TRANSITION GRANT PROGRAM.] Of this appropriation, $1,000,000 each year is to implement the older adult services planning and transition grant program under Minnesota Statutes, section 256B.0918. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[COSTS RELATED TO FACILITY CERTIFICATION.] Of this appropriation, $168,000 is for the costs of providing one-half the state share of medical assistance reimbursement for residential and day habilitation services under article 3, section 39. This amount is available the day following final enactment.

(i) Alternative Care Grants

General 54,633,000 45,029,000

[ALTERNATIVE CARE TRANSFER.] Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

[PREADMISSION SCREENING AMOUNT.] The preadmission screening payment to all counties shall continue at the payment amount in effect for fiscal year 1999.

[PAS/AC APPROPRIATION.] The commissioner may expend the money appropriated for the alternative care program for that purpose in either year of the biennium.

(j) Group Residential Housing

General 66,759,000 70,558,000

(k) Chemical Dependency Entitlement Grants

General 36,373,000 37,240,000

(l) Chemical Dependency Nonentitlement Grants

General 6,328,000 6,328,000

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Subd. 9. Continuing Care and Community Support Management		
General	18,260,000	18,676,000
State Government Special Revenue	114,000	115,000
Lottery Prize Fund	142,000	142,000

[CAMP.] Of this appropriation, $15,000 each year is from the mental health special projects account, for adults and children with mental illness from across the state, for a camping program which utilizes the Boundary Waters Canoe Area and is cooperatively sponsored by client advocacy, mental health treatment, and outdoor recreation agencies.

[DEMO PROJECT EXTERNAL ADVOCACY FUNDING CAP.] Of the appropriation for the demonstration project for people with disabilities under Minnesota Statutes, section 256B.77, no more than $100,000 per year may be paid for external advocacy under Minnesota Statutes, section 256B.77, subdivision 14.

[COUNTY ADMINISTRATIVE COST REIMBURSEMENT.] Of this appropriation, $600,000 in fiscal year 2000 and $720,000 in fiscal year 2001 is to reimburse the nonfederal share of county administrative costs under Minnesota Statutes, section 256B.0916, subdivision 2, for counties that form partnerships consistent with the performance measures established by the commissioner. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[TECHNICAL ASSISTANCE FOR COUNTY MANAGEMENT.] Of this appropriation, $125,000 each year for the biennium is for the commissioner to provide technical assistance to counties to improve county management of the home and community-based waiver services for persons with mental retardation or related conditions program, and to assist counties in forming joint partnerships. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[REGION 10 QUALITY ASSURANCE COMMISSION.] (1) Of this appropriation, $280,000 each year is appropriated to the commissioner for a grant to the region 10 quality assurance commission established under Minnesota Statutes, section 256B.0951, for the purposes specified in clauses (2) to (4). Unexpended funds for fiscal year 2000 do not cancel, but are available to the commission for fiscal year 2001.

(2) $250,000 each year is for the operating costs of the alternative quality assurance licensing system pilot project, and for the commission to provide grants to counties participating in the alternative quality assurance licensing system under Minnesota Statutes, section 256B.0953.

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(3) $20,000 each year is for the commission to contract with an independent entity to conduct a financial review of the alternative quality assurance licensing system, including an evaluation of possible budgetary savings within the affected state agencies as the result of implementing the system.

(4) $10,000 each year is for the commission, in consultation with the commissioner of human services, to establish an ongoing review process for the alternative quality assurance licensing system.

Subd. 10. Economic Support Grants

General	140,919,000	123,903,000

[GIFTS.] Notwithstanding Minnesota Statutes, chapter 7, the commissioner may accept on behalf of the state additional funding from sources other than state funds for the purpose of financing the cost of assistance program grants or nongrant administration. All additional funding is appropriated to the commissioner for use as designated by the grantee of funding.

The amounts that may be spent from this appropriation for each purpose are as specified:

(a) Assistance to Families Grants

General	65,382,000	66,213,000

[FATHER PROJECT.] Of this appropriation, $12,000 in fiscal year 2000 and $96,000 in fiscal year 2001 is to offset the increased costs to the state of implementing waivers for the FATHER project. These one-time appropriations are available until expended, and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[SUPPORTIVE LIVING ARRANGEMENTS FOR MINORS.] $500,000 for the biennium is appropriated to the commissioner for grants to create or expand adult-supervised supportive living arrangements under Minnesota Statutes, section 256J.14, for minor parents who are MFIP participants and their children. The commissioner shall request proposals from, and award grants to, interested parties that have knowledge and experience in the area of adolescent housing. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(b) Work Grants

General	10,484,000	10,484,000

[EMPLOYMENT SERVICES CARRYOVER.] General fund and federal TANF block grant appropriations for employment services that remain unexpended subsequent to the reallocation process required in Minnesota Statutes, section 256J.62, do not cancel but are available for these purposes in fiscal year 2001.

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(c) Child Support Enforcement

General	5,359,000	5,359,000

[CHILD SUPPORT PAYMENT CENTER.] Payments to the commissioner from other governmental units, private enterprises, and individuals for services performed by the child support payment center must be deposited in the state systems account authorized under Minnesota Statutes, section 256.014. These payments are appropriated to the commissioner for the operation of the child support payment center or system, according to Minnesota Statutes, section 256.014.

[CHILD SUPPORT PAYMENT CENTER RECOUPMENT ACCOUNT.] The child support payment center is authorized to establish an account to cover checks issued in error or in cases where insufficient funds are available to pay the checks. All recoupments against payments from the account must be deposited in the child support payment center recoupment account and are appropriated to the commissioner for the purposes of the account. Any unexpended balance in the account does not cancel, but is available until expended.

(d) General Assistance

General	33,927,000	14,973,000

[GENERAL ASSISTANCE STANDARD.] The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at $203. The commissioner may reduce this amount in accordance with Laws 1997, chapter 85, article 3, section 54.

(e) Minnesota Supplemental Aid

General	25,767,000	26,874,000

(f) Refugee Services

General	.,-0-,...	.,-0-,...

Subd. 11. Economic Support Management

General	37,032,000	38,557,000
Health Care Access	1,313,000	1,318,000

[SPENDING AUTHORITY FOR FOOD STAMP ENHANCED FUNDING.] In the event that Minnesota qualifies for United States Department of Agriculture Food and Nutrition Services Food Stamp Program enhanced funding beginning in federal fiscal year 1998, the money is appropriated to the commissioner for the purposes of the program. The commissioner may retain 25 percent of the enhanced funding, with the remaining 75 percent divided among the counties according to a formula that takes into account each county's impact on the statewide food stamp error rate.

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The amounts that may be spent from this appropriation for each purpose are as specified:

(a) Economic Support Policy Administration

General	6,832,000	6,951,000

(b) Economic Support Operations

General	30,200,000	31,606,000
Health Care Access	1,313,000	1,318,000

[ADDITIONAL PRISM STATE SHARE.] Of this appropriation, $2,700,000 each year is for additional funding for the state share of the operations of the automated child support enforcement system authorized under Minnesota Statutes, section 256.014. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[PROGRAM INTEGRITY FUNDING AVAILABILITY.] Unexpended funds appropriated for the provision of program integrity activities for fiscal year 2000 are also available to the commissioner to fund fraud prevention and control initiatives, and do not cancel, but are available to the commissioner for these purposes for fiscal year 2001. Unexpended funds may be transferred between the fraud prevention investigation program and fraud control programs in order to promote the provisions of Minnesota Statutes, sections 256.983 and 256.9861.

Subd. 12. Federal TANF Funds

[FEDERAL TANF FUNDS.] (1) Federal Temporary Assistance for Needy Families block grant funds authorized under title I of Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and awarded in federal fiscal years 1997 to 2002 are appropriated to the commissioner in amounts up to $236,425,000 in fiscal year 2000 and $229,243,000 in fiscal year 2001.

(2) Of the amounts in clause (1), $15,000,000 in fiscal year 2000 and $15,000,000 in fiscal year 2001 is transferred to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, in each year of the biennium the commissioner shall allocate $15,000,000 of the state's Title XX block grant funds based on the community social services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated to counties under this provision is used according to the requirements of United States Code, title 42, section 604(d)(3)(B).

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(3) Of the amounts in clause (1), $9,700,000 is transferred each year from the state's federal TANF block grant to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, in each year the commissioner shall transfer $9,700,000 of the state's Title XX block grant funds to the family preservation program under Minnesota Statutes, chapter 256F. The commissioner shall ensure that money allocated under this provision is used according to the requirements of United States Code, title 42, section 604(d)(3)(B). Unexpended funds from the first year of the biennium may be carried forward to the second year. These are one-time appropriations that shall not be added to the base for these programs for the 2002-2003 biennial budget. The funds transferred to the family preservation program shall be used as follows:

(a) $8,900,000 each year is to provide grants for concurrent permanency planning under Minnesota Statutes, section 257.0711. These funds must be allocated to counties based on the allocation formula in Minnesota Statutes, section 256F.05. When a county is in compliance with concurrent permanency planning requirements, it may use excess funding from the allocation under this provision for other services specified in Minnesota Statutes, chapter 256F.

(b) $400,000 each year is to provide grants to Indian tribes for concurrent permanency planning under Minnesota Statutes, section 257.0711. These funds must be allocated to tribes based on the allocation formula in Minnesota Statutes, section 257.3577.

(c) $400,000 each year is for the commissioner to pay for administrative costs associated with implementing the concurrent permanency planning program, to provide training, and to conduct external reviews of county child protection practices that are related to the child protection services provisions of Laws 1998, chapter 406, article 4.

(4) Of the amounts in clause (1), $5,000,000 each year is appropriated to the commissioner, to be allocated to counties and eligible tribal providers under Minnesota Statutes, section 256J.62. Counties and eligible tribal providers must use their allocation under this clause to reduce the size of the job counselor caseload of MFIP participants. These are one-time appropriations and shall not become part of base level funding for the county employment and training services block grant for the 2002-2003 biennium.

(5) Of the amounts in clause (1), $6,200,000 is transferred in fiscal year 2000 from the state's federal TANF block grant to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, in fiscal year 2000 the commissioner shall allocate $6,200,000 of the state's Title XX block grant funds based on the community social

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services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated under this provision is used in accordance with the requirements of United States Code, title 42, section 604(d)(3)(B). This is a one-time appropriation and shall not become part of the base level funding for the CSSA block grant.

[TRANSFERS TO TITLE XX FOR CSSA.] When preparing the governor's budget for the 2002-2003 biennium, the commissioner of finance shall ensure that the base level funding for the community social services aids includes $12,100,000 in fiscal year 2002 and $12,100,000 in fiscal year 2003 in funding that is transferred from the state's federal TANF block grant to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate the portion of the state's community social services aids funding that is comprised of these transferred funds based on the community social services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated under this provision is used in accordance with the requirements of United States Code, title 42, section 604(d)(3)(B). Any reductions to the amount of the state community social services (CSSA) block grant funding in fiscal year 2002 or 2003 shall not reduce the base for the CSSA block grant for the 2004-2005 biennial budget. Section 13, sunset of uncodified language, does not apply to this provision.

[TRANSFERS FROM STATE TANF RESERVE.] $4,666,000 in fiscal year 2000 is transferred from the state TANF reserve account to the general fund.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation	110,404,000	109,530,000
Summary by Fund		
General	75,871,000	75,445,000
State Government Special Revenue	24,688,000	24,129,000
Health Care Access	9,845,000	9,956,000

[INDIRECT COSTS NOT TO FUND PROGRAMS.] The commissioner shall not use indirect cost allocations to pay for the operational costs of any program for which the commissioner is responsible.

Subd. 2. Health Systems and Special Populations	78,582,000	77,271,000
Summary by Fund		
General	58,787,000	57,919,000
State Government Special Revenue	10,046,000	9,494,000
Health Care Access	9,749,000	9,858,000

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

[PHARMACY INITIATIVES.] Of this general fund appropriation, $615,000 each year is for pharmacy initiatives. Of this amount, $500,000 each year is for the commissioner to award grants under Minnesota Statutes, section 144.1499; $75,000 each year is for the commissioner to contract with a statewide pharmacist association representing all pharmacy practice settings to administer the programs under Minnesota Statutes, sections 144.1498 and 144.1499; and $40,000 each year is for the commissioner's administrative costs. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[HEALTH CARE PURCHASING ALLIANCES.] Of this general fund appropriation, $100,000 each year is appropriated to the commissioner for grants to two local organizations to develop health care purchasing alliances under Minnesota Statutes, section 62T.02, to negotiate the purchase of health care services from licensed entities. Of this amount, $50,000 each year is for a grant to the Southwest Regional Development Commissioner to coordinate purchasing alliance development in the southwest area of the state, and $50,000 each year is for a grant to the University of Minnesota extension services in Crookston to coordinate purchasing alliance development in the northwest area of the state. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[WIC TRANSFERS.] The general fund appropriation for the women, infants, and children (WIC) food supplement program is available for either year of the biennium. Transfers of these funds between fiscal years must either be to maximize federal funds or to minimize fluctuations in the number of program participants.

[MINNESOTA CHILDREN WITH SPECIAL HEALTH NEEDS CARRYOVER.] General fund appropriations for treatment services in the services for Minnesota children with special health needs program are available for either year of the biennium.

[FAMILY PLANNING GRANTS.] Of the general fund appropriation to the commissioner for grants for family planning services as defined under Minnesota Statutes, section 145.925, subdivision 1a, the commissioner shall allocate grant funds for the 2000 to 2001 grant funding cycle to entities that provide natural family planning services, that applied for grant funds under Minnesota Statutes, section 145.925, for the 1998 to 1999 grant funding cycle, and that were approved for grants but did not receive funding.

[RURAL HOSPITAL IMPROVEMENT GRANTS.] (a) Of this appropriation, $1,800,000 for the biennium is from the health care access fund to the commissioner for planning and implementation projects under Minnesota Statutes, section 144.147, subdivision 2, paragraphs (a) and (b), and $3,800,000 for the biennium is from the health care access fund for capital improvement planning and implementation projects under Minnesota Statutes, section 144.147, subdivision 2, paragraph (c).

APPROPRIATIONS
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(b) Of this amount, $300,000 is for the Westbrook health center for hospital and clinic improvements. The commissioner may provide these funds upon receipt of information from the Westbrook health center indicating how it has fulfilled the requirements of Minnesota Statutes, section 144.147, and evidence that it has raised at least a dollar-for-dollar match from nonstate sources.

(c) These are one-time appropriations that shall not be added to the base level funding for the rural hospital improvement grant program for the 2002-2003 biennium.

[TOBACCO USE PREVENTION GRANTS FOR YOUTH.] (1) Of this appropriation, $7,500,000 each year is from the general fund to the commissioner for the purposes specified in clauses (2) to (5). These are one-time appropriations that shall not be added to the base level funding for tobacco use reduction and prevention activities for the 2002-2003 biennium.

(2) $2,000,000 each year is for competitive grants projects under Minnesota Statutes, section 145A.135, subdivision 1.

(3) $4,600,000 each year is for grants to community health boards under Minnesota Statutes, section 145A.135, subdivision 2.

(4) $750,000 each year is available to the commissioner for costs related to evaluation, and is available until expended.

(5) $150,000 each year is available to the commissioner for administrative costs. Unexpended funds for fiscal year 2000 do not cancel, but are available for this purpose in fiscal year 2001.

[MINNESOTA DONOR DECISION CAMPAIGN.] Of this general fund appropriation, $1,000,000 for the biennium is to the commissioner for a grant to fund initiatives to encourage organ, eye and tissue donation. The grant must be made to a Minnesota organ procurement organization that is certified by the Health Care Financing Administration, or to an entity that is a charitable entity under section 501(c)(3) of the Internal Revenue Code and is created by an organ procurement organization that is certified by the Health Care Financing Administration. Of this amount, $20,000 each year is to conduct research and public opinion surveys, to assess attitudes toward donation before the initiatives are implemented, and to assess the effectiveness of the initiatives after implementation, and $960,000 for the biennium is to develop and implement advertising and public education campaigns to raise awareness about organ, tissue, and eye donation and to encourage people to become donors. This appropriation is available only to the extent that it is matched with an equal amount of nonstate funds. This is a one-time appropriation that is available until expended, and shall not become part of base level funding for this activity for the 2002-2003 biennium.

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[TEEN SUICIDE PREVENTION MATERIALS.] Of this appropriation, $100,000 for the biennium is for the commissioner to collect and package informational materials designed to raise awareness among teens and adults about recognizing the signs of depression in teenagers and preventing teen suicides. The commissioner shall distribute the materials to schools and other community entities through the local community health boards. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[STANDARDS FOR SPECIAL CASE AUTOPSIES.] Of this general fund appropriation, $20,000 for the biennium is for a grant to a professional association representing coroners and medical examiners in Minnesota to conduct case studies, and develop and disseminate guidelines, for autopsy practice in special cases. This is a one-time appropriation and shall not become part of base level funding for the 2002-2003 biennium.

[HEALTH PLAN COMPANY AND PROVIDER PERFORMANCE MEASUREMENT; CONSUMER SURVEYS.] Of this appropriation, $1,250,000 in fiscal year 2000 and $1,190,000 in fiscal year 2001 is to the commissioner for a grant to the Minnesota health data institute, for annual reports on health plan company performance, consumer surveys, and annual reports on provider organization performance measurement. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[COMMUNITY HEALTH CLINIC GRANTS.] Of this appropriation, $1,300,000 each year is appropriated to the commissioner for grants to nongovernmental community clinics offering a sliding fee scale and demonstrating a commitment to serve a disproportionate share of low-income and underserved populations, to maintain access to health care for low-income and uninsured populations in both urban and rural areas. The commissioner shall consult with the neighborhood health care network and the Minnesota primary care association on the distribution of the grants. The commissioner shall limit each grant award to $50,000 per clinic in each fiscal year. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[ACCESS TO SUMMARY MINIMUM DATA SET (MDS).] The commissioner, in cooperation with the commissioner of administration, shall work to obtain access to Minimum Data Set (MDS) data that is electronically transmitted by nursing facilities to the health department. The MDS data shall be made available on a quarterly basis to industry trade associations for use in quality improvement efforts and comparative analysis. The MDS data shall be provided to the industry trade associations in the form of summary aggregate data, without patient identifiers, to ensure patient privacy. The commissioner may charge for the actual cost of production of these documents.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 3. Health Protection	27,182,000	27,367,000

Summary by Fund

General	12,721,000	12,917,000
State Government Special Revenue	14,461,000	14,450,000

[COLPOSCOPY SERVICES.] Of this appropriation, $500,000 each year is for the cancer control section to provide free or low-cost colposcopy services to low-income uninsured and under insured women with abnormal Pap test results. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

Subd. 4. Management and Support Services	4,640,000	4,892,000

Summary by Fund

General	4,363,000	4,609,000
State Government Special Revenue	181,000	185,000
Health Care Access	96,000	98,000

[YEAR 2000 SURVEY OF FACILITIES AND WATER SYSTEMS.] Of this general fund appropriation, $157,000 is for the costs associated with surveying by July 1, 1999, all hospitals, nursing homes, nontransient community water systems operated by a public entity, and community water supply systems for year 2000 problems and proposed solutions. Of this amount, $52,000 is available the day following final enactment.

Sec. 4. VETERANS NURSING HOMES BOARD	26,131,000	27,114,000

[ALLOWANCE FOR FOOD.] The allowance for food may be adjusted annually to reflect changes in the producer price index, as prepared by the United States Bureau of Labor Statistics, with the approval of the commissioner of finance. Adjustments for fiscal year 2000 and fiscal year 2001 must be based on the June 1998 and June 1999 producer price index respectively, but the adjustment must be prorated if it would require money in excess of the appropriation.

[ASSET PRESERVATION; FACILITY REPAIR.] Of this general fund appropriation, $1,190,000 each year is for asset preservation and facility repair. The appropriations are available in either year of the biennium and may be used for abatement and repair at the Luverne home. This appropriation shall become part of the board's base level funding for the 2002-2003 biennium.

[LUVERNE EMERGENCY RENOVATIONS.] Of this appropriation, $229,000 is for the costs of lost patient revenues due to emergency renovations at the Luverne facility. This amount is available the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
[VETERANS HOMES SPECIAL REVENUE ACCOUNT.] The general fund appropriations made to the board shall be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the veterans homes board of directors for the operation of board facilities and programs.		
[SETTING THE COST OF CARE.] The veterans homes board may set the cost of care at the Fergus Falls facility for fiscal year 2000 based on the cost of average skilled nursing care provided to residents of the Minneapolis veterans home for fiscal year 2000. The cost of care for the domiciliary residence at the Minneapolis veterans home and the skilled nursing care residence at the Luverne veterans home for fiscal years 2000 and 2001 shall be calculated based on a full census at the respective facility.		
[LICENSED BED CAPACITY FOR MINNEAPOLIS VETERANS HOME.] The commissioner of health shall not reduce the licensed bed capacity for the Minneapolis veterans home pending completion of the project authorized by Laws 1990, chapter 610, article 1, section 9, subdivision 3.		
Sec. 5. HEALTH RELATED BOARDS		
Subdivision 1. Total Appropriation	10,261,000	10,540,000
[STATE GOVERNMENT SPECIAL REVENUE FUND.] The appropriations in this section are from the state government special revenue fund.		
[NO SPENDING IN EXCESS OF REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.		
Subd. 2. Board of Chiropractic Examiners	350,000	361,000
Subd. 3. Board of Dentistry	783,000	806,000
Subd. 4. Board of Dietetic and Nutrition Practice	92,000	95,000
Subd. 5. Board of Marriage and Family Therapy	107,000	111,000
Subd. 6. Board of Medical Practice	3,687,000	3,814,000
Subd. 7. Board of Nursing	2,202,000	2,245,000
Subd. 8. Board of Nursing Home Administrators	548,000	566,000
Subd. 9. Board of Optometry	87,000	90,000

	APPROPRIATIONS Available for the Year Ending June 30 2000	2001
Subd. 10. Board of Pharmacy	1,125,000	1,137,000
Subd. 11. Board of Podiatry	41,000	42,000
Subd. 12. Board of Psychology	450,000	462,000
Subd. 13. Board of Social Work	641,000	658,000
Subd. 14. Board of Veterinary Medicine	148,000	153,000
Sec. 6. EMERGENCY MEDICAL SERVICES BOARD	2,500,000	2,323,000

Summary by Fund

General	792,000	586,000
Trunk Highway	1,708,000	1,737,000

[COMPREHENSIVE ADVANCED LIFE SUPPORT (CALS).] Of the general fund appropriation, $206,000 for the biennium is for the board to establish a comprehensive advanced life support educational program under Minnesota Statutes, section 144E.37. This is a one-time appropriation and shall not become part of the board's base level funding for the 2002-2003 biennium.

Sec. 7. COUNCIL ON DISABILITY	651,000	672,000
Sec. 8. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION	1,340,000	1,380,000
Sec. 9. OMBUDSMAN FOR FAMILIES	166,000	171,000
Sec. 10. UNIVERSITY OF MINNESOTA	2,537,000	2,537,000

Summary by Fund

Health Care Access	2,537,000	2,537,000

Sec. 11. TRANSFERS OF FUNDS

Subdivision 1. Grant Programs

The commissioner of human services, with the approval of the commissioner of finance, and after notification of the chair of the senate health and family security budget division and the chair of the house health and human services finance committee, may transfer unencumbered appropriation balances for the biennium ending June 30, 2001, within fiscal years for the Minnesota family investment program, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and group residential housing programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001

Subd. 2. Appropriation Transfers Reported

In addition to the requirements of Minnesota Statutes, section 16A.285, when the commissioner of human services or health, or the veterans nursing homes board, transfers operational money between programs under Minnesota Statutes, section 16A.285, the affected commissioner or the board chair must provide the chairs of the house health and human services finance committee and the senate health and family security budget division with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred. Section 13, sunset of uncodified language, does not apply to this provision.

Sec. 12. CARRYOVER LIMITATION

None of the appropriations in this act which are allowed to be carried forward from fiscal year 2000 to fiscal year 2001 shall become part of the base level funding for the 2002-2003 biennial budget, unless specifically directed by the legislature.

Sec. 13. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 2001, unless a different expiration date is explicit.

Sec. 14. Minnesota Statutes 1998, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, Minnesota family investment program-statewide, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance, MFIP-S, and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC, MFIP-S, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches $1,000,000. When the balance in the account exceeds $1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the senior citizen drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(22) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account, and is appropriated to the commissioner for purposes of this section.

(23) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(24) Incorporate cost reimbursement claims from First Call Minnesota into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement received is appropriated to the commissioner and shall be disbursed to First Call Minnesota according to normal department payment schedules.

Sec. 15. Minnesota Statutes 1998, section 256.01, is amended by adding a subdivision to read:

Subd. 17. [FUND AND ACCOUNT REPORTING REQUIRED.] Annually on December 1, the commissioner shall provide detailed fund balance statements to the chairs of the legislative committees or divisions with jurisdiction over the commissioner's budget for: (1) each fund or account used by the commissioner in the ongoing operations of the agency; (2) each state-operated computer system under section 256.014, including but not limited to MAXIS, the current medicaid management information system (MMIS), the child support enforcement system (PRISM), the electronic benefit transfer system (EBT), and the executive information system (EIS); and (3) the social services information system (SSIS).

Sec. 16. Minnesota Statutes 1998, section 256.014, is amended by adding a subdivision to read:

Subd. 4. [ISSUANCE OPERATIONS CENTER.] Payments to the commissioner from other governmental units and private enterprises for: services performed by the issuance operations center; or reports generated by the payment and eligibility systems must be deposited in the account created under subdivision 2. These payments are appropriated to the commissioner for the operation of the issuance center or system, according to the provisions of this section.

Sec. 17. Minnesota Statutes 1998, section 256J.39, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT POLICY.] The following policies apply to monthly assistance payments and corrective payments:

(1) Grant payments may be issued in the form of warrants immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution.

(2) The commissioner shall mail assistance payment checks to the address where a caregiver lives unless the county agency approves an alternate arrangement.

(3) The commissioner shall mail monthly assistance payment checks within time to allow postal service delivery to occur no later than the first day of each month. Monthly assistance payment checks must be dated the first day of the month. The commissioner shall issue electronic benefits transfer payments so that caregivers have access to the payments no later than the first of the month.

(4) The commissioner shall issue replacement checks promptly, but no later than seven calendar days after the provisions of sections 16A.46; 256.01, subdivision 11; and 471.415 have been met.

(5) The commissioner, with the advance approval of the commissioner of finance, may issue cash assistance grant payments up to three days before the first day of each month, including three days before the start of each state fiscal year. Of the money appropriated for cash assistance grant payments for each fiscal year, up to three percent of the annual state appropriation is available to the commissioner in the previous fiscal year. If that amount is insufficient for the costs incurred, an additional amount of the appropriation as needed may be transferred with the advance approval of the commissioner of finance.

(Effective Date: Section 17 (256J.39, subdivision 1) is effective the day following final enactment.)

Sec. 18. [REPEALER.]

Minnesota Statutes 1998, section 256J.03, is repealed effective July 2, 1999. Section 13, sunset of uncodified language, does not apply to this section.

ARTICLE 2

HEALTH DEPARTMENT

Section 1. Minnesota Statutes 1998, section 13.99, is amended by adding a subdivision to read:

Subd. 33a. [ABORTION NOTIFICATION DATA; DATA ON ENFORCEMENT.] Abortion notification data on individuals collected and maintained by the commissioner of health are classified under section 144.3431, subdivision 3. Data related to actions taken by the commissioner to enforce abortion notification data reporting requirements are classified under section 144.3431, subdivision 4.

Sec. 2. Minnesota Statutes 1998, section 15.059, subdivision 5a, is amended to read:

Subd. 5a. [LATER EXPIRATION.] Notwithstanding subdivision 5, the advisory councils and committees listed in this subdivision do not expire June 30, 1997. These groups expire June 30, 2001, unless the law creating the group or this subdivision specifies an earlier expiration date.

Investment advisory council, created in section 11A.08;

Intergovernmental information systems advisory council, created in section 16B.42, expires June 30, 1999;

Feedlot and manure management advisory committee, created in section 17.136;

Aquaculture advisory committee, created in section 17.49;

Dairy producers board, created in section 17.76;

Pesticide applicator education and examination review board, created in section 18B.305;

Advisory seed potato certification task force, created in section 21.112;

Food safety advisory committee, created in section 28A.20;

Minnesota organic advisory task force, created in section 31.95;

Public programs risk adjustment work group, created in section 62Q.03~~, expires June 30, 1999~~;

Workers' compensation self-insurers' advisory committee, created in section 79A.02;

Youth corps advisory committee, created in section 84.0887;

Iron range off-highway vehicle advisory committee, created in section 85.013;

Mineral coordinating committee, created in section 93.002;

Game and fish fund citizen advisory committees, created in section 97A.055;

Wetland heritage advisory committee, created in section 103G.2242;

Wastewater treatment technical advisory committee, created in section 115.54;

Solid waste management advisory council, created in section 115A.12;

Nuclear waste council, created in section 116C.711;

Genetically engineered organism advisory committee, created in section 116C.93;

Environment and natural resources trust fund advisory committee, created in section 116P.06;

Child abuse prevention advisory council, created in section 119A.13;

Chemical abuse and violence prevention council, created in section 119A.27;

Youth neighborhood services advisory board, created in section 119A.29;

Interagency coordinating council, created in section 125A.28, expires June 30, 1999;

Desegregation/integration advisory board, created in section 124D.892;

Nonpublic education council, created in section 123B.445;

Permanent school fund advisory committee, created in section 127A.30;

Indian scholarship committee, created in section 124D.84, subdivision 2;

American Indian education committees, created in section 124D.80;

Summer scholarship advisory committee, created in section 124D.95;

Multicultural education advisory committee, created in section 124D.894;

Male responsibility and fathering grants review committee, created in section 124D.33;

Library for the blind and physically handicapped advisory committee, created in section 134.31;

Higher education advisory council, created in section 136A.031;

Student advisory council, created in section 136A.031;

Cancer surveillance advisory committee, created in section 144.672;

Maternal and child health task force, created in section 145.881;

State community health advisory committee, created in section 145A.10;

Mississippi River Parkway commission, created in section 161.1419;

School bus safety advisory committee, created in section 169.435;

Advisory council on workers' compensation, created in section 175.007;

Code enforcement advisory council, created in section 175.008;

Medical services review board, created in section 176.103;

Apprenticeship advisory council, created in section 178.02;

OSHA advisory council, created in section 182.656;

Health professionals services program advisory committee, created in section 214.32;

Rehabilitation advisory council for the blind, created in section 248.10;

American Indian advisory council, created in section 254A.035;

Alcohol and other drug abuse advisory council, created in section 254A.04;

Medical assistance drug formulary committee, created in section 256B.0625;

Home care advisory committee, created in section 256B.071;

Preadmission screening, alternative care, and home and community-based services advisory committee, created in section 256B.0911;

Traumatic brain injury advisory committee, created in section 256B.093;

Minnesota commission serving deaf and hard-of-hearing people, created in section 256C.28;

American Indian child welfare advisory council, created in section 257.3579;

Juvenile justice advisory committee, created in section 268.29;

Northeast Minnesota economic development fund technical advisory committees, created in section 298.2213;

Iron range higher education committee, created in section 298.2214;

Northeast Minnesota economic protection trust fund technical advisory committee, created in section 298.297;

Pipeline safety advisory committee, created in section 299J.06, expires June 30, 1998;

Battered women's advisory council, created in section 611A.34.

Sec. 3. Minnesota Statutes 1998, section 31.96, is amended to read:

31.96 [FOOD HANDLER CERTIFICATION.]

The commissioner may require certification of retail food handlers in establishments licensed under section 28A.05, paragraph (a), for retail food preparation, handling, and service practices. ~~A retail food handler licensed under section 28A.05, paragraph (a), shall comply with the requirements for the manager certification program under section 157.011, subdivision 2. An interagency agreement with the department of health must be established for the transfer of funds to the commissioner to cover the cost of administering the manager certification program.~~

Sec. 4. Minnesota Statutes 1998, section 62J.04, subdivision 3, is amended to read:

Subd. 3. [COST CONTAINMENT DUTIES.] ~~After obtaining the advice and recommendations of the Minnesota health care commission,~~ The commissioner shall:

(1) establish statewide and regional cost containment goals for total health care spending under this section and collect data as described in sections 62J.38 to 62J.41 to monitor statewide achievement of the cost containment goals;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area but excluding Chisago, Isanti, Wright, and Sherburne counties, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve the cost containment goals;

(3) ~~provide technical assistance to regional coordinating boards;~~

~~(4)~~ monitor the quality of health care throughout the state and take action as necessary to ensure an appropriate level of quality;

~~(5)~~ (4) issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Health Care Financing Administration 1500 form, or other standardized forms or procedures;

~~(6)~~ (5) undertake health planning responsibilities as provided in section 62J.15;

~~(7)~~ (6) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

~~(8)~~ (7) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

~~(9)~~ (8) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans; and

~~(10)~~ (9) make the cost containment goal data available to the public in a consumer-oriented manner.

Sec. 5. Minnesota Statutes 1998, section 62J.06, is amended to read:

62J.06 [IMMUNITY FROM LIABILITY.]

No member of ~~the regional coordinating boards established under section 62J.09, or~~ the health technology advisory committee established under section 62J.15, shall be held civilly or criminally liable for an act or omission by that person if the act or omission was in good faith and within the scope of the member's responsibilities under this chapter.

Sec. 6. Minnesota Statutes 1998, section 62J.07, subdivision 1, is amended to read:

Subdivision 1. [LEGISLATIVE OVERSIGHT.] The legislative commission on health care access reviews the activities of the commissioner of health, ~~the regional coordinating boards,~~ the health technology advisory committee, and all other state agencies involved in the implementation and administration of this chapter, including efforts to obtain federal approval through waivers and other means.

Sec. 7. Minnesota Statutes 1998, section 62J.07, subdivision 3, is amended to read:

Subd. 3. [REPORTS TO THE COMMISSION.] The commissioner of health~~, the regional coordinating boards,~~ and the health technology advisory committee shall report on their activities annually and at other times at the request of the legislative commission on health care access. The commissioners of health, commerce, and human services shall provide periodic reports to the legislative commission on the progress of rulemaking that is authorized or required under this chapter and shall notify members of the commission when a draft of a proposed rule has been completed and scheduled for publication in the State Register. At the request of a member of the commission, a commissioner shall provide a description and a copy of a proposed rule.

Sec. 8. Minnesota Statutes 1998, section 62J.09, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~2000~~ 1999.

Sec. 9. Minnesota Statutes 1998, section 62J.2930, subdivision 3, is amended to read:

Subd. 3. [CONSUMER INFORMATION.] The information clearinghouse or another entity designated by the commissioner shall provide consumer information to health plan company enrollees to:

(1) assist enrollees in understanding their rights;

(2) explain and assist in the use of all available complaint systems, including internal complaint systems within health carriers, community integrated service networks, and the departments of health and commerce;

(3) provide information on coverage options in each ~~regional coordinating board~~ region of the state;

(4) provide information on the availability of purchasing pools and enrollee subsidies; and

(5) help consumers use the health care system to obtain coverage.

The information clearinghouse or other entity designated by the commissioner for the purposes of this subdivision shall not:

(1) provide legal services to consumers;

(2) represent a consumer or enrollee; or

(3) serve as an advocate for consumers in disputes with health plan companies.

Nothing in this subdivision shall interfere with the ombudsman program established under section 256B.031, subdivision 6, or other existing ombudsman programs.

Sec. 10. Minnesota Statutes 1998, section 62J.451, subdivision 6a, is amended to read:

Subd. 6a. [HEALTH PLAN COMPANY PERFORMANCE MEASUREMENT.] As part of the performance measurement plan specified in subdivision 6, the health data institute shall ~~develop a mechanism to assess the performance of health plan companies, and to disseminate this information through reports and other means~~ annually prepare a report assessing the performance of health plan companies in Minnesota. The report shall include consumer survey information collected in a manner consistent with subdivision 6b and other standard performance measurement information, including but not limited to the financial and utilization data classified as public data under chapter 13 that are reported to the commissioner of health under chapter 62D and to the commissioner of commerce under chapters 62A and 62C. The report shall be disseminated to consumers, purchasers, policymakers, and other interested parties, consistent with the data policies specified in section 62J.452.

Sec. 11. Minnesota Statutes 1998, section 62J.451, subdivision 6b, is amended to read:

Subd. 6b. [CONSUMER SURVEYS.] (a) The health data institute shall develop and implement a mechanism for collecting comparative data on consumer perceptions of the health care system, including consumer satisfaction, through adoption of ~~a~~ a standard consumer ~~survey. This survey~~ surveys for health plan companies, health care delivery systems, hospitals, clinics, and other provider organizations. These surveys shall include enrollees in community integrated service networks, health maintenance organizations, preferred provider organizations, indemnity insurance plans, public programs, and other health plan companies and consumers served by health care delivery systems, hospitals, clinics and other provider organizations in Minnesota. The health data institute shall determine a mechanism for the inclusion of the uninsured.

(b) The health data institute shall conduct a standard consumer survey that measures consumer satisfaction with health plan companies in Minnesota. This consumer survey may be conducted every two years. A focused survey may be conducted on the off years. Health plan companies and group purchasers shall provide to the health data institute roster data as defined in subdivision 2, including the names, addresses, and telephone numbers of enrollees and former enrollees and other data necessary for the completion of this survey. This roster data provided by the health plan companies and group purchasers is classified as provided under section 62J.452. The health data institute may analyze and prepare findings from the raw, unaggregated data, and the findings from this survey may be included in the health plan company performance reports specified in subdivision 6a, and in other reports developed and disseminated by the health data institute and the commissioner. The raw, unaggregated data is classified as provided under section 62J.452, and may be made available by the health data institute to the extent permitted under section 62J.452. The health data institute shall provide raw, unaggregated data to the commissioner. The survey may include information on the following subjects:

(1) enrollees' overall satisfaction with their health care plan;

(2) consumers' perception of access to emergency, urgent, routine, and preventive care, including locations, hours, waiting times, and access to care when needed;

(3) premiums and costs;

(4) technical competence of providers;

(5) communication, courtesy, respect, reassurance, and support;

(6) choice and continuity of providers;

(7) continuity of care;

(8) outcomes of care;

(9) services offered by the plan, including range of services, coverage for preventive and routine services, and coverage for illness and hospitalization;

(10) availability of information; and

(11) paperwork.

~~(b) The health data institute shall appoint a consumer advisory group which shall consist of 13 individuals, representing enrollees from public and private health plan companies and programs and two uninsured consumers, to advise the health data institute on issues of concern to consumers. The advisory group must have at least one member from each regional coordinating board region of the state. The advisory group expires June 30, 1996.~~

Sec. 12. Minnesota Statutes 1998, section 62J.451, subdivision 6c, is amended to read:

Subd. 6c. [PROVIDER ORGANIZATION PERFORMANCE MEASUREMENT.] (a) As part of the performance measurement plan specified in subdivision 6, the health data institute shall ~~develop a mechanism to assess the performance of hospitals and other provider organizations, and to disseminate this information~~ annually prepare a report assessing the performance of health care delivery systems, hospitals, clinics, and other provider organizations in Minnesota. This report shall include consumer survey information collected in a manner consistent with subdivision 6b. This report shall be disseminated to consumers, purchasers, policymakers, and other interested parties, consistent with the data policies specified in section 62J.452. Data to be collected may also include structural characteristics including staff-mix and nurse-patient ratios. In selecting additional data for collection, the health data institute may consider:

(1) feasibility and statistical validity of the indicator;

(2) purchaser and public demand for the indicator;

(3) estimated expense of collecting and reporting the indicator; and

(4) usefulness of the indicator for internal improvement purposes.

(b) The health data institute ~~may~~ shall conduct consumer surveys that focus on health care provider organizations. These surveys shall include consumers served by health care delivery systems, hospitals, clinics, and other provider organizations. Health care provider organizations ~~may~~ shall provide roster data, as defined in subdivision 2, including names, addresses, and telephone numbers of their patients, to the health data institute for purposes of conducting the surveys. Roster data provided by health care provider organizations under this paragraph are private data on individuals as defined in section 13.02, subdivision 12. Providing data under this paragraph does not constitute a release of health records for purposes of section 144.335, subdivision 3a.

Sec. 13. [62J.535] [UNIFORM BILLING REQUIREMENTS.]

Subdivision 1. [DEVELOPMENT OF UNIFORM BILLING TRANSACTIONS.] The commissioners of commerce and health shall adopt uniform billing standards that comply with Public Law Number 104-91 enacted by Congress on August 21, 1996. The uniform billing standards shall apply to all paper and electronic claim transactions and shall apply to all Minnesota payers, including government programs.

Subd. 2. [COMPLIANCE.] Concurrent with the effective dates established under Public Law Number 104-91 for uniform electronic billing standards, all health care providers must conform to the uniform billing standards developed by the commissioners of commerce and health.

Sec. 14. Minnesota Statutes 1998, section 62J.69, is amended by adding a subdivision to read:

Subd. 2a. [MEDICAL RESEARCH.] Notwithstanding subdivision 2, paragraphs (c) and (d) and subdivision 4, money may be distributed under this section as grants to support medical research, including medical research activities that are conducted in noneducational settings by Minnesota-based nonprofit organizations.

Sec. 15. Minnesota Statutes 1998, section 62J.69, is amended by adding a subdivision to read:

Subd. 6. [FEDERAL FINANCIAL PARTICIPATION.] The commissioner of human services shall seek to maximize federal financial participation in payments for medical education and research costs. If the commissioner of human services determines that federal financial participation is available for the medical education and research trust fund, the commissioner of health shall transfer to the commissioner of human services the amount of state funds necessary to maximize the federal funds available. The amount transferred to the commissioner of human services, plus the amount of federal financial participation, shall be distributed to medical assistance providers according to the distribution methodology of the medical education and research trust fund established under this section.

Sec. 16. Minnesota Statutes 1998, section 62J.77, is amended to read:

62J.77 [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of ~~sections 62J.77 to~~ section 62J.80, the terms defined in this section have the meanings given them.

Subd. 2. [ENROLLEE.] "Enrollee" means a natural person covered by a health plan company, health insurance, or health coverage plan and includes an insured, policyholder, subscriber, contract holder, member, covered person, or certificate holder.

Subd. 3. [PATIENT.] "Patient" means a former, current, or prospective patient of a health care provider.

~~Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of health.~~

Sec. 17. Minnesota Statutes 1998, section 62Q.03, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC PROGRAMS.] (a) A separate risk adjustment system must be developed for state-run public programs, including medical assistance, general assistance medical care, and MinnesotaCare. The system must be developed in accordance with the general risk adjustment methodologies described in this section, must include factors in addition to age and sex adjustment, and may include additional demographic factors, different targeted conditions, and/or different payment amounts for conditions. The risk adjustment system for public programs must attempt to reflect the special needs related to poverty, cultural, or language barriers and other needs of the public program population.

(b) The commissioners of health and human services shall jointly convene a public programs risk adjustment work group responsible for advising the commissioners in the design of the public programs risk adjustment system. The public programs risk adjustment work group is governed by section 15.059 for purposes of membership terms, expiration, and removal of members ~~and shall terminate on June 30, 1999~~. The work group shall meet at the discretion of the commissioners of health and human services. The commissioner of health shall work with the risk adjustment association to ensure coordination between the risk adjustment systems for the public and private sectors. The commissioner of human services shall seek any needed federal approvals necessary for the inclusion of the medical assistance program in the public programs risk adjustment system.

(c) The public programs risk adjustment work group must be representative of the persons served by publicly paid health programs and providers and health plans that meet their needs. To the greatest extent possible, the appointing authorities shall attempt to select representatives that have historically served a significant number of persons in publicly paid health programs or the uninsured. Membership of the work group shall be as follows:

(1) one provider member appointed by the Minnesota Medical Association;

(2) two provider members appointed by the Minnesota Hospital Association, at least one of whom must represent a major disproportionate share hospital;

(3) five members appointed by the Minnesota Council of HMOs, one of whom must represent an HMO with fewer than 50,000 enrollees located outside the metropolitan area and one of whom must represent an HMO with at least 50 percent of total membership enrolled through a public program;

(4) two representatives of counties appointed by the Association of Minnesota Counties;

(5) three representatives of organizations representing the interests of families, children, childless adults, and elderly persons served by the various publicly paid health programs appointed by the governor;

(6) two representatives of persons with mental health, developmental or physical disabilities, chemical dependency, or chronic illness appointed by the governor; and

(7) three public members appointed by the governor, at least one of whom must represent a community health board. The risk adjustment association may appoint a representative, if a representative is not otherwise appointed by an appointing authority.

(d) The commissioners of health and human services, with the advice of the public programs risk adjustment work group, shall develop a work plan and time frame and shall coordinate their efforts with the private sector risk adjustment association's activities and other state initiatives related to public program managed care reimbursement.

(e) Before including risk adjustment in a contract for the prepaid medical assistance program, the prepaid general assistance medical care program, or the MinnesotaCare program, the commissioner of human services shall provide to the contractor an analysis of the expected impact on the contractor of the implementation of risk adjustment. This paragraph shall not apply if the contractor has not supplied information to the commissioner related to the risk adjustment analysis.

(f) The commissioner of human services shall report to the public program risk adjustment work group on the methodology the department will use for risk adjustment prior to implementation of the risk adjustment payment methodology. Upon completion of the report to the work group, the commissioner shall phase in risk adjustment according to the following schedule:

(1) for the first contract year, no more than ten percent of reimbursements shall be risk adjusted; and

(2) for the second contract year, no more than 30 percent of reimbursements shall be risk adjusted.

Sec. 18. Minnesota Statutes 1998, section 62Q.075, is amended to read:

62Q.075 [LOCAL PUBLIC ACCOUNTABILITY AND COLLABORATION PLAN.]

Subdivision 1. [DEFINITION.] For purposes of this section, "managed care organization" means a health maintenance organization or community integrated service network.

Subd. 2. [REQUIREMENT.] Beginning October 31, 1997, all managed care organizations shall file biennially with the action plans required under section 62Q.07 a plan describing the actions the managed care organization has taken and those it intends to take to contribute to achieving public health goals for each service area in which an enrollee of the managed care organization resides. This plan must be jointly developed in collaboration with the local public health units, ~~appropriate regional coordinating boards,~~ and other community organizations providing health services within the same service area as the managed care organization. Local government units with responsibilities and authority defined under chapters 145A and 256E may designate individuals to participate in the collaborative planning with the managed care organization to provide expertise and represent community needs and goals as identified under chapters 145A and 256E.

Subd. 3. [CONTENTS.] The plan must address the following:

(a) specific measurement strategies and a description of any activities which contribute to public health goals and needs of high risk and special needs populations as defined and developed under chapters 145A and 256E;

(b) description of the process by which the managed care organization will coordinate its activities with the community health boards, ~~regional coordinating boards,~~ and other relevant community organizations servicing the same area;

(c) documentation indicating that local public health units and local government unit designees were involved in the development of the plan;

(d) documentation of compliance with the plan filed the previous year, including data on the previously identified progress measures.

Subd. 4. [REVIEW.] Upon receipt of the plan, the appropriate commissioner shall provide a copy to the ~~regional coordinating boards,~~ local community health boards, and other relevant community organizations within the managed care organization's service area. After reviewing the plan, these community groups may submit written comments on the plan to either the commissioner of health or commerce, as applicable, and may advise the commissioner of the managed care organization's effectiveness in assisting to achieve regional public health goals. The plan may be reviewed by the county boards, or city councils acting as a local board of health in accordance with chapter 145A, within the managed care organization's service area to determine whether the plan is consistent with the goals and objectives of the plans required under chapters 145A and 256E and whether the plan meets the needs of the community. The county board, or applicable city council, may also review and make recommendations on the availability and accessibility of services provided by the managed care organization. The county board, or applicable city council, may submit written comments to the appropriate commissioner, and may advise the commissioner of the managed care organization's effectiveness in assisting to meet the needs and goals as defined under the responsibilities of chapters 145A and 256E. The commissioner of health shall develop recommendations to utilize the written comments submitted as part of the licensure process to ensure local public accountability. These recommendations shall be reported to the legislative commission on health care access by January 15, 1996. Copies of these written comments must be provided to the managed care organization. The plan and any comments submitted must be filed with the information clearinghouse to be distributed to the public.

Sec. 19. Minnesota Statutes 1998, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION.] (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations as defined in section 62Q.07, subdivision 2, paragraph (e), underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

(i) has nonprofit status in accordance with chapter 317A;

(ii) has tax exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);

(iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and

(iv) does not restrict access or services because of a client's financial limitation;

(3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;

(4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions; or

(5) a rural hospital that has qualified for a sole community hospital financial assistance grant in the past three years under section 144.1484, subdivision 1. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services.

(b) The commissioner shall not designate a provider, or maintain an existing designation for a provider, as an essential community provider if the provider is an organization or affiliate of an organization which provides or promotes abortions or directly refers for abortions, provided that nondirective counseling relating to a pregnancy does not disqualify a provider from being designated or maintaining a designation as an essential community provider.

(c) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.

(d) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.

(e) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.

Sec. 20. Minnesota Statutes 1998, section 62Q.19, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] (a) Any provider may apply to the commissioner for designation as an essential community provider by submitting an application form developed by the commissioner. ~~Applications must be accepted within two years after the effective date of the rules adopted by the commissioner to implement this section.~~

(b) Each application submitted must be accompanied by an application fee ~~in an amount determined by the commissioner~~ of $120. The fee shall be no more than what is needed to cover the administrative costs of processing the application.

(c) The name, address, contact person, and the date by which the commissioner's decision is expected to be made shall be classified as public data under section 13.41. All other information contained in the application form shall be classified as private data under section 13.41 until the application has been approved, approved as modified, or denied by the commissioner. Once the decision has been made, all information shall be classified as public data unless the applicant designates and the commissioner determines that the information contains trade secret information.

(Effective Date: Section 20 (62Q.19, subdivision 2) is effective the day following final enactment.)

Sec. 21. Minnesota Statutes 1998, section 62Q.19, subdivision 6, is amended to read:

Subd. 6. [TERMINATION OR RENEWAL OF DESIGNATION; COMMISSIONER REVIEW.] The designation as an essential community provider ~~terminates~~ shall be valid for a five-year period from the date of designation. Five years after ~~it~~ the designation of essential community provider is granted~~, or when universal coverage as defined under section 62Q.165 is achieved, whichever is later~~ to a provider, the commissioner shall review the need for and appropriateness of continuing the designation for that provider. The commissioner may require a provider whose designation is to be reviewed to submit an application to the commissioner for renewal of the designation, and may require an application fee of $120 to be submitted with the application to cover the administrative costs of processing the application. Based on that review, the commissioner may renew a provider's essential community provider designation for an additional five-year period or terminate the designation. Once the designation terminates, the former essential community provider has no rights or privileges beyond those of any other health care provider. ~~The commissioner shall make a recommendation to the legislature on whether an essential community provider designation should be longer than five years.~~

Sec. 22. Minnesota Statutes 1998, section 62R.06, subdivision 1, is amended to read:

Subdivision 1. [PROVIDER CONTRACTS.] A health provider cooperative and its licensed members may execute marketing and service contracts requiring the provider members to provide some or all of their health care services through the provider cooperative to the enrollees, members, subscribers, or insureds, of a health care network cooperative, community integrated service network, nonprofit health service plan, health maintenance organization, accident and health insurance company, or any other purchaser, including the state of Minnesota and its agencies, instruments, or units of local government. Each purchasing entity is authorized to execute contracts for the purchase of health care services from a health provider cooperative in accordance with this section. ~~Any~~ A contract between a provider cooperative and a purchaser ~~must~~ may provide for payment by the purchaser to the health provider cooperative on a ~~substantially~~ capitated or similar risk-sharing basis or by other financial arrangements authorized under state law. Each contract between a provider cooperative and a purchaser shall be filed by the provider network cooperative with the commissioner of health and is subject to the provisions of section 62D.19.

Sec. 23. [144.1201] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of sections 144.1201 to 144.1204, the terms defined in this section have the meanings given to them.

Subd. 2. [BY-PRODUCT NUCLEAR MATERIAL.] "By-product nuclear material" means a radioactive material, other than special nuclear material, yielded in or made radioactive by exposure to radiation created incident to the process of producing or utilizing special nuclear material.

Subd. 3. [RADIATION.] "Radiation" means ionizing radiation and includes alpha rays; beta rays; gamma rays; x-rays; high energy neutrons, protons, or electrons; and other atomic particles.

Subd. 4. [RADIOACTIVE MATERIAL.] "Radioactive material" means a matter that emits radiation. Radioactive material includes special nuclear material, source nuclear material, and by-product nuclear material.

Subd. 5. [SOURCE NUCLEAR MATERIAL.] "Source nuclear material" means uranium or thorium, or a combination thereof, in any physical or chemical form; or ores that contain by weight 1/20 of one percent (0.05 percent) or more of uranium, thorium, or a combination thereof. Source nuclear material does not include special nuclear material.

Subd. 6. [SPECIAL NUCLEAR MATERIAL.] "Special nuclear material" means:

(1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material that the Nuclear Regulatory Commission determines to be special nuclear material according to United States Code, title 42, section 2071, except that source nuclear material is not included; and

(2) a material artificially enriched by any of the materials listed in clause (1), except that source nuclear material is not included.

Sec. 24. [144.1202] [UNITED STATES NUCLEAR REGULATORY COMMISSION AGREEMENT.]

Subdivision 1. [AGREEMENT AUTHORIZED.] In order to have a comprehensive program to protect the public from radiation hazards, the governor, on behalf of the state, is authorized to enter into agreements with the United States Nuclear Regulatory Commission under the Atomic Energy Act of 1954, section 274b, as amended. The agreement shall provide for the discontinuance of portions of the Nuclear Regulatory Commission's licensing and related regulatory authority over by-product, source, and special nuclear materials, and the assumption of regulatory authority over these materials by the state.

Subd. 2. [HEALTH DEPARTMENT DESIGNATED LEAD.] The department of health is designated as the lead agency to pursue an agreement on behalf of the governor and for any assumption of specified licensing and regulatory authority from the Nuclear Regulatory Commission under an agreement with the commission. The commissioner of health shall establish an advisory group to assist in preparing the state to meet the requirements for reaching an agreement. The commissioner may adopt rules to allow the state to assume regulatory authority under an agreement under this section, including the licensing and regulation of radioactive materials. Any regulatory authority assumed by the state includes the ability to set and collect fees.

Subd. 3. [TRANSITION.] A person who, on the effective date of an agreement under this section, possesses a Nuclear Regulatory Commission license that is subject to the agreement is deemed to possess a similar license issued by the department of health. A department of health license obtained under this subdivision expires on the expiration date specified in the federal license.

Subd. 4. [AGREEMENT; CONDITIONS OF IMPLEMENTATION.] (a) An agreement entered into before August 2, 2002, must remain in effect until terminated under the Atomic Energy Act of 1954, United States Code, title 42, section 2021, paragraph (j). The governor may not enter into an initial agreement with the Nuclear Regulatory Commission after August 1, 2002. If an agreement is not entered into by August 1, 2002, any rules adopted under this section are repealed effective August 1, 2002.

(b) An agreement authorized under subdivision 1 must be approved by law before it may be implemented.

Sec. 25. [144.1203] [TRAINING; RULEMAKING.]

The commissioner shall adopt rules to ensure that individuals handling or utilizing radioactive materials under the terms of a license issued by the commissioner under section 144.1202 have proper training and qualifications to do so. The rules adopted must be at least as stringent as federal regulations on proper training and qualifications adopted by the Nuclear Regulatory Commission. Rules adopted under this section may incorporate federal regulations by reference.

Sec. 26. [144.1204] [SURETY REQUIREMENTS.]

Subdivision 1. [FINANCIAL ASSURANCE REQUIRED.] The commissioner may require an applicant for a license under section 144.1202, or a person who was formerly licensed by the Nuclear Regulatory Commission and is now subject to sections 144.1201 to 144.1204, to post financial assurances to ensure the completion of all requirements established by the commissioner for the decontamination, closure, decommissioning, and reclamation of sites, structures, and equipment used in conjunction with activities related to licensure. The financial assurances posted must be sufficient to restore the site to unrestricted future use and must be sufficient to provide for surveillance and care when radioactive materials remain at the site after the licensed activities cease. The commissioner may establish financial assurance criteria by rule. In establishing such criteria, the commissioner may consider:

(1) the chemical and physical form of the licensed radioactive material;

(2) the quantity of radioactive material authorized;

(3) the particular radioisotopes authorized and their subsequent radiotoxicity;

(4) the method in which the radioactive material is held, used, stored, processed, transferred, or disposed of; and

(5) the potential costs of decontamination, treatment, or disposal of a licensee's equipment and facilities.

Subd. 2. [ACCEPTABLE FINANCIAL ASSURANCES.] The commissioner may, by rule, establish types of financial assurances that meet the requirements of this section. Such financial assurances may include bank letters of credit, deposits of cash, or deposits of government securities.

Subd. 3. [TRUST AGREEMENTS.] Financial assurances must be established together with trust agreements. Both the financial assurances and the trust agreements must be in a form and substance that meet requirements established by the commissioner.

Subd. 4. [EXEMPTIONS.] The commissioner is authorized to exempt from the requirements of this section, by rule, any category of licensee upon a determination by the commissioner that an exemption does not result in a significant risk to the public health or safety or to the environment and does not pose a financial risk to the state.

Subd. 5. [OTHER REMEDIES UNAFFECTED.] Nothing in this section relieves a licensee of a civil liability incurred, nor may this section be construed to relieve the licensee of obligations to prevent or mitigate the consequences of improper handling or abandonment of radioactive materials.

Sec. 27. Minnesota Statutes 1998, section 144.121, is amended by adding a subdivision to read:

Subd. 8. [EXEMPTION FROM EXAMINATION REQUIREMENTS; OPERATORS OF CERTAIN BONE DENSITOMETERS.] (a) This subdivision applies to a bone densitometer that is used on humans to estimate bone mineral content and bone mineral density in a region of a finger on a person's nondominant hand, gives an x-ray dose equivalent of less than 0.001 microsieverts per scan, and has an x-ray leakage exposure rate of less than two milliroentgens per hour at a distance of one meter, provided that the bone densitometer is operating in accordance with manufacturer specifications.

(b) An individual who operates a bone densitometer that satisfies the definition in paragraph (a) and the facility in which an individual operates such a bone densitometer are exempt from the requirements of subdivisions 5 and 6.

(Effective Date: Section 27 (144.121, subdivision 8) is effective the day following final enactment.)

Sec. 28. Minnesota Statutes 1998, section 144.147, is amended to read:

144.147 [RURAL HOSPITAL ~~PLANNING AND TRANSITION~~ IMPROVEMENT GRANT PROGRAM.]

Subdivision 1. [DEFINITION.] "Eligible rural hospital" means any nonfederal, general acute care hospital that:

(1) is either located in a rural area, as defined in the federal Medicare regulations, Code of Federal Regulations, title 42, section 405.1041, or located in a community with a population of less than 5,000, according to United States Census Bureau statistics, outside the seven-county metropolitan area;

(2) has 50 or fewer beds; and

(3) is not for profit.

Subd. 2. [GRANTS AUTHORIZED.] The commissioner shall establish a program of grants to assist eligible rural hospitals. The commissioner shall award grants to hospitals and communities for the purposes set forth in paragraphs (a) ~~and (b)~~ to (c).

(a) Grants may be used by hospitals and their communities to develop strategic plans for preserving or enhancing access to health services. ~~At a minimum, a strategic plan must consist of:~~

~~(1) a needs assessment to determine what health services are needed and desired by the community. The assessment must include interviews with or surveys of area health professionals, local community leaders, and public hearings;~~

~~(2) an assessment of the feasibility of providing needed health services that identifies priorities and timeliness for potential changes; and~~

~~(3) an implementation plan.~~

~~The strategic plan must be developed by a committee that includes representatives from the hospital, local public health agencies, other health providers, and consumers from the community.~~

(b) ~~The~~ Grants may ~~also~~ be used by ~~eligible rural~~ hospitals ~~that have developed strategic plans to implement transition projects to modify the type and extent of services provided, in order to reflect the needs of that plan. Grants may be used by hospitals under this paragraph to develop hospital-based physician practices that integrate hospital and existing medical practice facilities that agree to transfer their practices, equipment, staffing, and administration to the hospital. The grants may also be used by the hospital to establish a health provider cooperative, a telemedicine system, or a rural health care system. Not more than one-third of any grant shall be used to offset losses incurred by physicians agreeing to transfer their practices to hospitals.~~ for implementation projects that reflect the needs identified in a strategic plan or similar plan. Implementation projects may include development or enhancement of telemedicine services, diversification of health services, collaborative efforts to integrate health services, or critical access hospital conversion activities.

(c) Grants may be used by hospitals for planning and implementation of capital improvement projects. A capital improvement project is designed to update, remodel, or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital.

Subd. 3. [CONSIDERATION OF GRANTS.] In determining which hospitals will receive grants under this section, the commissioner shall take into account:

(1) improving community access to hospital or health services;

(2) changes in service populations;

(3) ~~demand for~~ availability and upgrading ambulatory and emergency services;

(4) the extent that the health needs of the community are not currently being met by other providers in the service area;

(5) the need to recruit and retain health professionals;

(6) the extent of community support;

(7) the integration of health care services and the coordination with local community organizations, such as community development and public health agencies; and

(8) the financial condition of the hospital.

Subd. 4. [ALLOCATION OF GRANTS.] (a) Eligible hospitals must apply to the commissioner no later than ~~September~~ October 1 of each fiscal year for grants awarded for that fiscal year. A grant may be awarded upon signing of a grant contract.

(b) The commissioner must make a final decision on the funding of each application within 60 days of the deadline for receiving applications.

(c) Each relevant community health board has 30 days in which to review and comment to the commissioner on grant applications from hospitals in their community health service area.

(d) In determining which hospitals will receive grants under this section, the commissioner shall consider the following factors:

(1) Description of the problem, description of the project, and the likelihood of successful outcome of the project. The applicant must explain clearly the nature of the health services problems in their service area, how the grant funds will be used, what will be accomplished, and the results expected. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations.

(2) The extent of community support for the hospital and this proposed project. The applicant should demonstrate support for the hospital and for the proposed project from other local health service providers and from local community and government leaders. Evidence of such support may include past commitments of financial support from local individuals, organizations, or government entities; and commitment of financial support, in-kind services or cash, for this project.

(3) The comments, if any, resulting from a review of the application by the community health board in whose community health service area the hospital is located.

(e) In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning the maximum of 70 points for an applicant's understanding of the problem, description of the project, and likelihood of successful outcome of the project; and a maximum of 30 points for the extent of community support for the hospital and this project. The commissioner may also take into account other relevant factors.

(f) ~~A grant to a hospital, including hospitals that submit applications as consortia, may not exceed $50,000 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-half of the amount, which may include in-kind services, is available for the same purposes from nonstate sources. A hospital receiving a grant under this section may use the grant for any expenses incurred in the development of strategic plans or the implementation of transition projects with respect to which the grant is made. Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated.~~ In determining the grant amount a hospital will receive under this section, the commissioner shall consider the following factors:

(1) grants to hospitals for planning and implementation under subdivision 2, paragraphs (a) and (b), may not exceed $100,000 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-half of the amount of the total cost of the planning or implementation project, which may include in-kind services, is available for the same purposes from nonstate sources; and

(2) grants to hospitals for planning and implementation projects under subdivision 2, paragraph (c), may not exceed $300,000 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-quarter of the amount of the total cost of the planning and implementation project, which may include in-kind services, is available for the same purposes from nonstate sources. A hospital receiving a grant under this section may use the grant for any expenses incurred in the development of strategic plans or the implementation of transition projects with respect to which the grant is made. Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated. Hospitals may apply to the program each year they are eligible.

(g) The commissioner may adopt rules to implement this section.

Subd. 5. [EVALUATION.] The commissioner shall evaluate the overall effectiveness of the grant program. The commissioner may collect, from the hospital, and communities receiving grants, ~~the information necessary~~ quarterly progress reports to evaluate the grant program. Information related to the financial condition of individual hospitals shall be classified as nonpublic data.

Subd. 6. [EXPIRATION.] This section expires June 30, 2001.

Sec. 29. Minnesota Statutes 1998, section 144.1483, is amended to read:

144.1483 [RURAL HEALTH INITIATIVES.]

The commissioner of health, through the office of rural health, and consulting as necessary with the commissioner of human services, the commissioner of commerce, the higher education services office, and other state agencies, shall:

(1) develop a detailed plan regarding the feasibility of coordinating rural health care services by organizing individual medical providers and smaller hospitals and clinics into referral networks with larger rural hospitals and clinics that provide a broader array of services;

(2) develop and implement a program to assist rural communities in establishing community health centers, as required by section 144.1486;

(3) administer the program of financial assistance established under section 144.1484 for rural hospitals in isolated areas of the state that are in danger of closing without financial assistance, and that have exhausted local sources of support;

(4) develop recommendations regarding health education and training programs in rural areas, including but not limited to a physician assistants' training program, continuing education programs for rural health care providers, and rural outreach programs for nurse practitioners within existing training programs;

(5) develop a statewide, coordinated recruitment strategy for health care personnel and maintain a database on health care personnel as required under section 144.1485;

(6) develop and administer technical assistance programs to assist rural communities in: (i) planning and coordinating the delivery of local health care services; and (ii) hiring physicians, nurse practitioners, public health nurses, physician assistants, and other health personnel;

(7) study and recommend changes in the regulation of health care personnel, such as nurse practitioners and physician assistants, related to scope of practice, the amount of on-site physician supervision, and dispensing of medication, to address rural health personnel shortages;

(8) support efforts to ensure continued funding for medical and nursing education programs that will increase the number of health professionals serving in rural areas;

(9) support efforts to secure higher reimbursement for rural health care providers from the Medicare and medical assistance programs;

(10) coordinate the development of a statewide plan for emergency medical services, in cooperation with the emergency medical services advisory council;

(11) establish a Medicare rural hospital flexibility program pursuant to section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, by developing a state rural health plan and designating, consistent with the rural health plan, rural nonprofit or public hospitals in the state as critical access hospitals. Critical access hospitals shall include facilities that are certified by the state as necessary providers of health care services to residents in the area. Necessary providers of health care services are designated as critical access hospitals on the basis of being more than 20 miles, defined as official mileage as reported by the Minnesota department of transportation, from the next nearest hospital or being the sole hospital in the county or being a hospital located in a designated medical underserved area or health professional shortage area. A critical access hospital located in a designated medical underserved area or a health professional shortage area shall continue to be recognized as a critical access hospital in the event the medical underserved area or health professional shortage area designation is subsequently withdrawn; and

(12) carry out other activities necessary to address rural health problems.

Sec. 30. Minnesota Statutes 1998, section 144.1492, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE APPLICANTS AND CRITERIA FOR AWARDING OF GRANTS TO RURAL COMMUNITIES.] (a) Funding which the department receives to award grants to rural communities to establish health care networks shall be awarded through a request for proposals process. Planning grant funds may be used for community facilitation and initial network development activities including incorporation as a nonprofit organization or cooperative, assessment of network models, and determination of the best fit for the community. Implementation grant funds can be used to enable incorporated nonprofit organizations and cooperatives to purchase technical services needed for further network development such as legal, actuarial, financial, marketing, and administrative services.

(b) In order to be eligible to apply for a planning or implementation grant under the federally funded health care network reform program, an organization must be located in a rural area of Minnesota excluding the seven-county Twin Cities metropolitan area and the census-defined urbanized areas of Duluth, Rochester, St. Cloud, and Moorhead. The proposed network organization must also meet or plan to meet the criteria for a community integrated service network.

(c) In determining which organizations will receive grants, the commissioner may consider the following factors:

(1) the applicant's description of their plans for health care network development, their need for technical assistance, and other technical assistance resources available to the applicant. The applicant must clearly describe the service area to be served by the network, how the grant funds will be used, what will be accomplished, and the expected results. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations;

(2) the extent of community support for the applicant and the health care network. The applicant should demonstrate support from private and public health care providers in the service area~~,~~ and local community and government leaders~~, and the regional coordinating board for the area~~. Evidence of such support may include a commitment of financial support, in-kind services, or cash, for development of the network;

(3) the size and demographic characteristics of the population in the service area for the proposed network and the distance of the service area from the nearest metropolitan area; and

(4) the technical assistance resources available to the applicant from nonstate sources and the financial ability of the applicant to purchase technical assistance services with nonstate funds.

Sec. 31. [144.1498] [LOAN FORGIVENESS FOR RURAL AND UNDERSERVED URBAN AREA PHARMACISTS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of sections 144.1498 and 144.1499, the terms defined in this subdivision have the meanings given them, unless the context clearly indicates otherwise.

(b) "Designated rural or underserved urban area" means a geographic area given that designation by the commissioner of health.

(c) "Eligible applicant" means a pharmacist licensed under chapter 151 and practicing in Minnesota.

(d) "Qualified loan" means a government or commercial loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a pharmacist.

Subd. 2. [CREATION.] The commissioner shall establish a loan forgiveness program for pharmacists agreeing to practice in designated rural or underserved urban areas. The commissioner shall contract with a statewide pharmacist association representing all pharmacy practice settings to administer the program. The program shall cover up to 25 participants per year, and the total number of participants in the program at any one time shall not exceed 50 participants.

Subd. 3. [SELECTION CRITERIA; STARTING DATES.] The commissioner shall determine selection criteria for applicants. The commissioner shall also determine the participant's starting date of service in a rural or underserved urban area.

Subd. 4. [LOAN FORGIVENESS.] A pharmacist who is accepted must sign a contract to serve at least five years in a designated rural or underserved urban area. For each year that a participant serves as a pharmacist in a designated rural or underserved urban area, the commissioner shall annually pay to the program administrator an amount equal to one year of qualified loans for all participants. Participants who move their practice from one designated rural or underserved urban area to another remain eligible for loan repayment.

Subd. 5. [PROCEDURE FOR LOAN REPAYMENT.] A program participant, at the time of signing a contract, shall designate the qualifying loan or loans up to a maximum of $10,000 per year for not more than five years. A participant must make payments directly on the participant's loans. The program administrator is responsible for verifying the amount of debt, the participant's timely repayment of debt, and the participant's length and terms of service. The program administrator shall reimburse the participant on a quarterly basis for payments made by the participant on qualifying loans in an amount not to exceed $10,000 per year when annualized. If the amount reimbursed by the program administrator is less than $10,000 during a 12-month period, the program administrator shall pay during the 12th month an additional amount toward a loan or loans designated by the participant, to bring the total paid to $10,000. The total amount reimbursed by the program administrator must not exceed the amount of principal and accrued interest of the designated loans.

Subd. 6. [TAX RESPONSIBILITY.] The participant is responsible for reporting on federal income tax returns any amount paid by the state on designated loans, if required to do so by federal law.

Subd. 7. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the required five-year minimum commitment of service in a designated rural or underserved urban area, the program administrator shall recover from the participant the amount paid under the loan forgiveness program. A program participant who fails to complete at least three years of obligated service shall repay the amount paid, as well as a financial penalty based upon the length of the service obligation not fulfilled. If the participant has served at least two years, the financial penalty is the number of unserved months multiplied by $1,000. If the participant has served less than two years, the financial penalty is the total number of obligated months multiplied by $1,000. The program administrator has the authority to collect on all loan defaults.

Subd. 8. [SUSPENSION OR WAIVER OF OBLIGATION.] Payment or service obligations cancel in the event of a participant's death. The commissioner may waive or suspend payment or service obligations in case of total and permanent disability or long-term temporary disability lasting for more than two years. The commissioner shall evaluate all other requests for suspension or waivers on a case-by-case basis and may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 32. [144.1499] [RURAL AND UNDERSERVED URBAN AREA PHARMACY FINANCIAL ASSISTANCE.]

Subdivision 1. [ESTABLISHED.] The commissioner of health shall award financial assistance grants to pharmacies in designated rural or underserved urban areas that are designated as sole community pharmacies.

Subd. 2. [PROGRAM ADMINISTRATION.] The commissioner shall contract with a statewide pharmacist association representing all pharmacy practice settings to administer the program. The commissioner shall establish criteria for determining sole community pharmacies in rural and underserved urban areas.

Subd. 3. [EVIDENCE OF LOCAL SUPPORT.] In selecting pharmacies to receive grants, the program administrator shall take into account the extent of local support for the pharmacy. Evidence of local support may include statements issued by a local government entity, such as a city or county, and loans, grants, or donations to the pharmacy from local government entities, private organizations, or individuals.

Subd. 4. [GRANT AWARDS.] The program administrator shall determine the amount of the award to be given to each eligible pharmacy based on the pharmacy's total operating losses as a percentage of total operating revenue for two of the previous three most recent consecutive fiscal years. For purposes of calculating a pharmacy's operating loss margin, total operating revenue does not include grant funding provided under this section. The available funds shall be disbursed proportionately based on the operating loss margins of all eligible pharmacies.

Sec. 33. [144.3431] [ABORTION NOTIFICATION DATA.]

Subdivision 1. [REPORTING FORM.] (a) Within 90 days of the effective date of this section, the commissioner of health shall prepare a reporting form for use by physicians and facilities performing abortions.

(b) The form shall require the following information:

(1) the number of minors or women for whom a guardian or conservator has been appointed under sections 525.54 to 525.551 because of a finding of incompetency for whom the physician or an agent of the physician provided the notice described in section 144.343, subdivision 2; of that number, the number of notices provided personally as described in section 144.343, subdivision 2, paragraph (a), and the number of notices provided by mail as described in section 144.343, subdivision 2, paragraph (b); and of each of those numbers, the number who, to the best of the reporting physician's or reporting facility's information and belief, went on to obtain the abortion from the reporting physician or reporting physician's facility, or from the reporting facility;

(2) the number of minors or women for whom a guardian or conservator has been appointed under sections 525.54 to 525.551 because of a finding of incompetency upon whom the physician performed an abortion without providing the notice described in section 144.343, subdivision 2; and of that number, the number who were emancipated minors, and the number for whom section 144.343, subdivision 4, was applicable, itemized by each of the limitations identified in paragraphs (a), (b), and (c) of that subdivision;

(3) the number of abortions performed by the physician for which judicial authorization was received and for which the notification described in section 144.343, subdivision 2, was not provided;

(4) the county the female resides in; the county where the abortion was performed, if different from the female's residence; and, if a judicial bypass was obtained, the county it was obtained in, if different from the female's residence;

(5) the age of the female;

(6) the race of the female;

(7) the process the physician or the physician's agent used to inform the female of the judicial bypass; whether court forms were provided to her; and whether the physician or the physician's agent made the court arrangement for the female; and

(8) how soon after visiting the abortion facility the female went to court to obtain a judicial bypass.

Subd. 2. [FORMS TO PHYSICIANS AND FACILITIES.] Physicians and facilities required to report under subdivision 3 shall obtain reporting forms from the commissioner.

Subd. 3. [SUBMISSION.] (a) The following physicians or facilities must submit the forms to the commissioner no later than April 1 for abortions performed in the previous calendar year:

(1) a physician who provides, or whose agent provides, the notice described in section 144.343, subdivision 2, or the facility at which such notice is provided; and

(2) a physician who knowingly performs an abortion upon a minor or a woman for whom a guardian or conservator has been appointed according to sections 525.54 to 525.551 because of a finding of incompetency, or a facility at which such an abortion is performed.

(b) The commissioner shall maintain as confidential, data which alone or in combination may constitute information that would reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility required to report under paragraph (a).

Subd. 4. [FAILURE TO REPORT AS REQUIRED.] (a) Reports that are not submitted more than 30 days following the due date shall be subject to a late fee of $500 for each additional 30-day period or portion of a 30-day period overdue. If a physician or facility required to report under this section has not submitted a report, or has submitted only an incomplete report, more than one year following the due date, the commissioner of health shall bring an action in a court of competent jurisdiction for an order directing the physician or facility to submit a complete report within a period stated by court order or be subject to sanctions. If the commissioner brings such an action for an order directing a physician or facility to submit a complete report, the court may assess reasonable attorney fees and costs against the noncomplying party.

(b) Notwithstanding section 13.39, data related to actions taken by the commissioner to enforce any provision of this section is private data if the data, alone or in combination, may constitute information that would reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility required to report under subdivision 3.

Subd. 5. [PUBLIC RECORDS.] (a) By September 30 of each year, the commissioner of health shall issue a public report providing statistics for each item listed in subdivision 1 for the previous calendar year compiled from reports submitted according to this section. The report shall also include statistics, which shall be obtained from court administrators, that include:

(1) the total number of petitions or motions filed under section 144.343, subdivision 6, paragraph (c), clause (i);

(2) the number of cases in which the court appointed a guardian ad litem;

(3) the number of cases in which the court appointed counsel;

(4) the number of cases in which the judge issued an order authorizing an abortion without notification, including:

(i) the number of petitions or motions granted by the court because of a finding of maturity and the basis for that finding; and

(ii) the number of petitions or motions granted because of a finding that the abortion would be in the best interest of the minor and the basis for that finding;

(5) the number of denials from which an appeal was filed;

(6) the number of appeals that resulted in a denial being affirmed; and

(7) the number of appeals that resulted in reversal of a denial.

(b) The report shall provide the statistics for all previous calendar years for which a public report was required to be issued, adjusted to reflect any additional information from late or corrected reports.

(c) The commissioner shall ensure that all statistical information included in the public reports are presented so that the data cannot reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility who has submitted a form to the commissioner under subdivision 3.

Subd. 6. [MODIFICATION OF REQUIREMENTS.] The commissioner of health may, by administrative rule, alter the dates established in subdivisions 3 and 5, consolidate the forms created according to subdivision 1 with the reporting form created according to section 145.4131, or consolidate reports to achieve administrative convenience or fiscal savings, to allow physicians and facilities to submit all information collected by the commissioner regarding abortions at one time, or to reduce the burden of the data collection, so long as the report described in subdivision 5 is issued at least once a year.

Subd. 7. [SUIT TO COMPEL STATISTICAL REPORT.] If the commissioner of health fails to issue the public report required under subdivision 5, any group of ten or more citizens of the state may seek an injunction in a court of competent jurisdiction against the commissioner, requiring that a complete report be issued within a period stated by court order. Failure to abide by the injunction shall subject the commissioner to sanctions for civil contempt.

Subd. 8. [ATTORNEY'S FEES.] If judgment is rendered in favor of the plaintiff in any action described in this section, the court shall also render judgment for a reasonable attorney's fee in favor of the plaintiff against the defendant. If the judgment is rendered in favor of the defendant and the court finds that plaintiff's suit was frivolous and brought in bad faith, the court shall render judgment for a reasonable attorney's fee in favor of the defendant against the plaintiff.

Subd. 9. [SEVERABILITY.] If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of this section shall remain effective notwithstanding such unconstitutionality. The legislature hereby declares that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word thereof irrespective of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word be declared unconstitutional.

Sec. 34. Minnesota Statutes 1998, section 144.413, subdivision 2, is amended to read:

Subd. 2. [PUBLIC PLACE.] "Public place" means any enclosed, indoor area used by the general public or serving as a place of work, including, but not limited to, restaurants, retail stores, offices and other commercial establishments, public conveyances, educational facilities other than public schools, as defined in section 120A.05, ~~subdivision~~ subdivisions 9, 11, and 13, hospitals, nursing homes, auditoriums, arenas, meeting rooms, and common areas of rental apartment buildings, but excluding private, enclosed offices occupied exclusively by smokers even though such offices may be visited by nonsmokers.

(Effective Date: Section 34 (144.413, subdivision 2) is effective the day following final enactment.)

Sec. 35. Minnesota Statutes 1998, section 144.414, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC PLACES.] No person shall smoke in a public place or at a public meeting except in designated smoking areas. This prohibition does not apply in cases in which an entire room or hall is used for a private social function and seating arrangements are under the control of the sponsor of the function and not of the proprietor or person in charge of the place. ~~Furthermore, this prohibition shall not apply to factories, warehouses, and similar places of work not usually frequented by the general public, except that the state commissioner of health shall establish rules to restrict or prohibit smoking in those places of work where the close proximity of workers or the inadequacy of ventilation causes smoke pollution detrimental to the health and comfort of nonsmoking employees.~~

(Effective Date: Section 35 (144.414, subdivision 1) is effective the day following final enactment.)

Sec. 36. Minnesota Statutes 1998, section 144.4165, is amended to read:

144.4165 [TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.]

No person shall at any time smoke, chew, or otherwise ingest tobacco or a tobacco product in a public school, as defined in section 120A.05, ~~subdivision~~ subdivisions 9, 11, and 13. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

(Effective Date: Section 36 (144.4165) is effective the day following final enactment.)

Sec. 37. Minnesota Statutes 1998, section 144.56, subdivision 2b, is amended to read:

Subd. 2b. [BOARDING CARE HOMES.] The commissioner shall not adopt or enforce any rule that limits:

(1) a certified boarding care home from providing nursing services in accordance with the home's Medicaid certification; or

(2) a noncertified boarding care home registered under chapter 144D from providing home care services in accordance with the home's registration.

Sec. 38. Minnesota Statutes 1998, section 144.99, subdivision 1, is amended to read:

Subdivision 1. [REMEDIES AVAILABLE.] The provisions of chapters 103I and 157 and sections 115.71 to 115.77; 144.12, subdivision 1, paragraphs (1), (2), (5), (6), (10), (12), (13), (14), and (15); 144.1201 to 144.1204; 144.121; 144.1222; 144.3431; 144.35; 144.381 to 144.385; 144.411 to 144.417; 144.495; 144.71 to 144.74; 144.9501 to 144.9509; 144.992; 145.4131 to 145.4136; 326.37 to 326.45; 326.57 to 326.785; 327.10 to 327.131; and 327.14 to 327.28 and all rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, certificates, and permits adopted or issued by the department or under any other law now in force or later enacted for the preservation of public health may, in addition to provisions in other statutes, be enforced under this section.

Sec. 39. Minnesota Statutes 1998, section 144.99, is amended by adding a subdivision to read:

Subd. 12. [SECURING RADIOACTIVE MATERIALS.] (a) In the event of an emergency that poses a danger to the public health, the commissioner shall have the authority to impound radioactive materials and the associated shielding in the possession of a person who fails to abide by the provisions of the statutes, rules, and any other item listed in subdivision 1. If impounding the source of these materials is impractical, the commissioner shall have the authority to lock or otherwise secure a facility that contains the source of such materials, but only the portions of the facility as is necessary to protect the public health. An action taken under this paragraph is effective for up to 72 hours. The commissioner must seek an injunction or take other administrative action to secure radioactive materials beyond the initial 72-hour period.

(b) The commissioner may release impounded radioactive materials and the associated shielding to the owner of the radioactive materials and associated shielding, upon terms and conditions that are in accordance with the provisions of statutes, rules, and other items listed in subdivision 1. In the alternative, the commissioner may bring an action in a court of competent jurisdiction for an order directing the disposal of impounded radioactive materials and associated shielding or directing other disposition as necessary to protect the public health and safety and the environment. The costs of decontamination, transportation, burial, disposal, or other disposition shall be borne by the owner or licensee of the radioactive materials and shielding or by any other person who has used the radioactive materials and shielding for business purposes.

Sec. 40. Minnesota Statutes 1998, section 144A.4605, subdivision 2, is amended to read:

Subd. 2. [ASSISTED LIVING HOME CARE LICENSE ESTABLISHED.] A home care provider license category entitled assisted living home care provider is hereby established. A home care provider may obtain an assisted living license if the program meets the following requirements:

(a) nursing services, delegated nursing services, other services performed by unlicensed personnel, or central storage of medications under the assisted living license are provided solely for residents of one or more housing with services establishments registered under chapter 144D;

(b) unlicensed personnel perform home health aide and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2, and 4668.0110, subpart 1. Qualifications to perform these tasks shall be established in accordance with subdivision 3;

(c) periodic supervision of unlicensed personnel is provided as required by rule;

(d) notwithstanding Minnesota Rules, part 4668.0160, subpart 6, item D, client records shall include:

(1) daily records or a weekly summary of ~~the client's status and~~ home care services provided;

(2) documentation each time medications are administered to a client; and

(3) documentation on the day of occurrence of any significant change in the client's status or any significant incident, such as a fall or refusal to take medications.

All entries must be signed by the staff providing the services and entered into the record no later than two weeks after the end of the service day, except as specified in clauses (2) and (3);

(e) medication and treatment orders, if any, are included in the client record and are renewed at least every 12 months, or more frequently when indicated by a clinical assessment;

(f) the central storage of medications in a housing with services establishment registered under chapter 144D is managed under a system that is established by a registered nurse and addresses the control of medications, handling of medications, medication containers, medication records, and disposition of medications; and

(g) in other respects meets the requirements established by rules adopted under sections 144A.45 to 144A.48.

Sec. 41. Minnesota Statutes 1998, section 144D.01, subdivision 4, is amended to read:

Subd. 4. [HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.] "Housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment.

Housing with services establishment does not include:

(1) a nursing home licensed under chapter 144A;

(2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;

(3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450, or under chapter 245B;

(4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;

(5) a family adult foster care home licensed by the department of human services;

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;

(7) residential settings for persons with mental retardation or related conditions in which the services are licensed under Minnesota Rules, parts 9525.2100 to 9525.2140, or applicable successor rules or laws;

(8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;

(9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units; or

(10) services for persons with developmental disabilities that are provided under a license according to Minnesota Rules, parts 9525.2000 to 9525.2140 in effect until January 1, 1998, or under chapter 245B.

Sec. 42. [145.4201] [PARTIAL-BIRTH ABORTION; DEFINITIONS.]

Subdivision 1. [TERMS.] As used in sections 145.4201 to 145.4206, the terms defined in this section have the meanings given them.

Subd. 2. [ABORTION.] "Abortion" means the use of any means to intentionally terminate the pregnancy of a female known to be pregnant with knowledge that the termination with those means will, with reasonable likelihood, cause the death of the fetus.

Subd. 3. [FETUS.] "Fetus" is used to refer to the biological offspring of human parents.

Subd. 4. [PARTIAL-BIRTH ABORTION.] "Partial-birth abortion" means an abortion in which the person performing the abortion partially vaginally delivers a living fetus before killing the fetus and completing the delivery.

Subd. 5. [PARTIALLY VAGINALLY DELIVERS A LIVING FETUS BEFORE KILLING THE FETUS.] "Partially vaginally delivers a living fetus before killing the fetus" means deliberately and intentionally delivers into the vagina a living fetus, or a substantial portion thereof, for the purpose of performing a procedure the physician knows will kill the fetus, and kills the fetus.

Sec. 43. [145.4202] [PARTIAL-BIRTH ABORTIONS PROHIBITED.]

No person shall knowingly perform a partial-birth abortion.

Sec. 44. [145.4203] [LIFE OF THE MOTHER EXCEPTION.]

The prohibition under section 145.4202 shall not apply to a partial-birth abortion that is necessary to save the life of the mother because her life is endangered by a physical disorder, physical illness, or physical injury.

Sec. 45. [145.4204] [CIVIL REMEDIES.]

Subdivision 1. [STANDING.] The woman upon whom a partial-birth abortion has been performed in violation of sections 145.4201 to 145.4206, the father if married to the mother at the time she receives a partial-birth abortion procedure, and the maternal grandparents of the fetus if the mother has not attained the age of 18 years at the time of the abortion, may obtain appropriate relief in a civil action, unless the pregnancy resulted from the plaintiff's criminal conduct or the plaintiff consented to the abortion.

Subd. 2. [TYPE OF RELIEF.] Relief shall include:

(1) money damages for all injuries, psychological and physical, occasioned by the violation of sections 145.4201 to 145.4206; and

(2) statutory damages equal to three times the cost of the partial-birth abortion.

Subd. 3. [ATTORNEY'S FEE.] If judgment is rendered in favor of the plaintiff in an action described in this section, the court shall also render judgment for a reasonable attorney's fee in favor of the plaintiff against the defendant. If the judgment is rendered in favor of the defendant and the court finds that the plaintiff's suit was frivolous and brought in bad faith, the court shall also render judgment for a reasonable attorney's fee in favor of the defendant against the plaintiff.

Sec. 46. [145.4205] [CRIMINAL PENALTY.]

Subdivision 1. [FELONY.] A person who performs a partial-birth abortion in knowing violation of sections 145.4201 to 145.4206 is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than $4,000, or both.

Subd. 2. [ADMINISTRATIVE FINDING.] (a) A defendant accused of an offense under this section may seek a hearing before the state board of medical practice on whether the physician's conduct was necessary to save the life of the mother whose life was endangered by a physical disorder, illness, or injury.

(b) The findings of the state board of medical practice on that issue are admissible at the trial of the defendant. Upon motion of the defendant, the court shall delay the beginning of the trial for not more than 30 days to permit the hearing to take place.

Subd. 3. [PROSECUTION OF MOTHER PROHIBITED.] A woman upon whom a partial-birth abortion is performed may not be prosecuted under this section for violating sections 145.4201 to 145.4206, or any provision thereof, or for conspiracy to violate sections 145.4201 to 145.4206, or any provision thereof.

(Effective Date: Section 46 (145.4205, subdivisions 1 to 3) are effective July 1, 1999, and applies to crimes committed on or after that date.)

Sec. 47. [145.4206] [SEVERABILITY.]

(a) If any provision, word, phrase, or clause of section 145.4203, or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be inseverable.

(b) If any provision, section, paragraph, sentence, clause, phrase, or word of section 145.4201, 145.4202, 145.4204, 145.4205, or 145.4206, or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of sections 145.4201 to 145.4206 shall remain effective notwithstanding such unconstitutionality. The legislature hereby declares that it would have passed sections 145.4201 to 145.4206, and each provision, section, paragraph, sentence, clause, phrase, or word thereto, with the exception of section 145.4203, irrespective of the fact that a provision, section, paragraph, sentence, clause, phrase, or word be declared unconstitutional.

Sec. 48. [145.4241] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in sections 145.4241 to 145.4246, the following terms have the meaning given them.

Subd. 2. [ABORTION.] "Abortion" means the use or prescription of any instrument, medicine, drug, or any other substance or device to intentionally terminate the pregnancy of a female known to be pregnant, with an intention other than to increase the probability of a live birth, to preserve the life or health of the child after live birth, or to remove a dead fetus.

Subd. 3. [ATTEMPT TO PERFORM AN ABORTION.] "Attempt to perform an abortion" means an act, or an omission of a statutorily required act, that, under the circumstances as the actor believes them to be, constitutes a substantial step in a course of conduct planned to culminate in the performance of an abortion in Minnesota in violation of sections 145.4241 to 145.4246.

Subd. 4. [MEDICAL EMERGENCY.] "Medical emergency" means any condition that, on the basis of the physician's good faith clinical judgment, complicates the medical condition of a pregnant female to the extent that:

(1) an immediate abortion of her pregnancy is necessary to avert her death; or

(2) a 24-hour delay in performing an abortion creates a serious risk of substantial and irreversible impairment of a major bodily function.

Subd. 5. [PHYSICIAN.] "Physician" means a person licensed under chapter 147.

Subd. 6. [PROBABLE GESTATIONAL AGE OF THE UNBORN CHILD.] "Probable gestational age of the unborn child" means what will, in the judgment of the physician, with reasonable probability, be the gestational age of the unborn child at the time the abortion is planned to be performed.

Sec. 49. [145.4242] [INFORMED CONSENT.]

No abortion shall be performed in this state except with the voluntary and informed consent of the female upon whom the abortion is to be performed. Except in the case of a medical emergency, consent to an abortion is voluntary and informed only if:

(1) the female is told the following, by telephone or in person, by the physician who is to perform the abortion or by a referring physician, at least 24 hours before the abortion:

(i) the name of the physician who will perform the abortion;

(ii) the particular medical risks associated with the particular abortion procedure to be employed including, when medically accurate, the risks of infection, hemorrhage, breast cancer, danger to subsequent pregnancies, and infertility;

(iii) the probable gestational age of the unborn child at the time the abortion is to be performed; and

(iv) the medical risks associated with carrying her child to term.

The information required by this clause may be provided by telephone without conducting a physical examination or tests of the patient, in which case the information required to be provided may be based on facts supplied the physician by the female and whatever other relevant information is reasonably available to the physician. It may not be provided by a tape recording, but must be provided during a consultation in which the physician is able to ask questions of the female and the female is able to ask questions of the physician. If a physical examination, tests, or the availability of other information to the physician subsequently indicate, in the medical judgment of the physician, a revision of the information previously supplied to the patient, that revised information may be communicated to the patient at any time prior to the performance of the abortion. Nothing in this section may be construed to preclude provision of required information in a language understood by the patient through a translator;

(2) the female is informed, by telephone or in person, by the physician who is to perform the abortion, by a referring physician, or by an agent of either physician at least 24 hours before the abortion:

(i) that medical assistance benefits may be available for prenatal care, childbirth, and neonatal care;

(ii) that the father is liable to assist in the support of her child, even in instances when the father has offered to pay for the abortion; and

(iii) that she has the right to review the printed materials described in section 145.4243. The physician or the physician's agent shall orally inform the female that the materials have been provided by the state of Minnesota and that they describe the unborn child and list agencies that offer alternatives to abortion. If the female chooses to view the materials, they shall either be given to her at least 24 hours before the abortion or mailed to her at least 72 hours before the abortion by certified mail, restricted delivery to addressee, which means the postal employee can only deliver the mail to the addressee.

The information required by this clause may be provided by a tape recording if provision is made to record or otherwise register specifically whether the female does or does not choose to review the printed materials;

(3) the female certifies in writing, prior to the abortion, that the information described in this section has been furnished her, and that she has been informed of her opportunity to review the information referred to in clause (2); and

(4) prior to the performance of the abortion, the physician who is to perform the abortion or the physician's agent receives a copy of the written certification prescribed by clause (3).

Sec. 50. [145.4243] [PRINTED INFORMATION.]

(a) Within 90 days after the effective date of sections 145.4241 to 145.4246, the department of health shall cause to be published, in English and in each language that is the primary language of two percent or more of the state's population, the following printed materials in such a way as to ensure that the information is easily comprehensible:

(1) geographically indexed materials designed to inform the female of public and private agencies and services available to assist a female through pregnancy, upon childbirth, and while the child is dependent, including adoption agencies, which shall include a comprehensive list of the agencies available, a description of the services they offer, and a description of the manner, including telephone numbers, in which they might be contacted or, at the option of the department of health, printed materials including a toll-free, 24-hours-a-day telephone number that may be called to obtain, orally, such a list and description of agencies in the locality of the caller and of the services they offer; and

(2) materials designed to inform the female of the probable anatomical and physiological characteristics of the unborn child at two-week gestational increments from the time when a female can be known to be pregnant to full term, including any relevant information on the possibility of the unborn child's survival and pictures or drawings representing the development of unborn children at two-week gestational increments, provided that any such pictures or drawings must contain the dimensions of the fetus and must be realistic and appropriate for the stage of pregnancy depicted. The materials shall be objective, nonjudgmental, and designed to convey only accurate scientific information about the unborn child at the various gestational ages. The material shall also contain objective information describing the methods of abortion procedures commonly employed, the medical risks commonly associated with each procedure, the possible detrimental psychological effects of abortion, the medical risks commonly associated with each procedure, and the medical risks commonly associated with carrying a child to term.

(b) The materials referred to in this section must be printed in a typeface large enough to be clearly legible. The materials required under this section must be available at no cost from the department of health upon request and in appropriate number to any person, facility, or hospital.

Sec. 51. [145.4244] [PROCEDURE IN CASE OF MEDICAL EMERGENCY.]

When a medical emergency compels the performance of an abortion, the physician shall inform the female, prior to the abortion if possible, of the medical indications supporting the physician's judgment that an abortion is necessary to avert her death or that a 24-hour delay in conformance with section 145.4242 creates a serious risk of substantial and irreversible impairment of a major bodily function.

Sec. 52. [145.4245] [REMEDIES.]

Subdivision 1. [CIVIL REMEDIES.] Any person upon whom an abortion has been performed or the parent of a minor upon whom an abortion has been performed may maintain an action against the person who performed the abortion in knowing or reckless violation of sections 145.4241 to 145.4246 for actual and punitive damages. Any person upon whom an abortion has been attempted without complying with sections 145.4241 to 145.4246 may maintain an action against the person who attempted to perform the abortion in knowing or reckless violation of sections 145.4241 to 145.4246 for actual and punitive damages.

Subd. 2. [ATTORNEY FEES.] If judgment is rendered in favor of the plaintiff in any action described in this section, the court shall also render judgment for a reasonable attorney's fee in favor of the plaintiff against the defendant. If judgment is rendered in favor of the defendant and the court finds that the plaintiff's suit was frivolous and brought in bad faith, the court shall also render judgment for a reasonable attorney's fee in favor of the defendant against the plaintiff.

Subd. 3. [PROTECTION OF PRIVACY IN COURT PROCEEDINGS.] In every civil action brought under sections 145.4241 to 145.4246, the court shall rule whether the anonymity of any female upon whom an abortion has been performed or attempted shall be preserved from public disclosure if she does not give her consent to such disclosure. The court, upon motion or sua sponte, shall make such a ruling and, upon determining that her anonymity should be preserved, shall issue orders to the parties, witnesses, and counsel and shall direct the sealing of the record and exclusion of individuals from courtrooms or hearing rooms to the extent necessary to safeguard her identity from public disclosure. Each order must be accompanied by specific written findings explaining why the anonymity of the female should be preserved from public disclosure, why the order is essential to that end, how the order is narrowly tailored to serve that interest, and why no reasonable, less restrictive alternative exists. In the absence of written consent of the female upon whom an abortion has been performed or attempted, anyone, other than a public official, who brings an action under subdivision 1, shall do so under a pseudonym. This section may not be construed to conceal the identity of the plaintiff or of witnesses from the defendant.

Sec. 53. [145.4246] [SEVERABILITY.]

If any one or more provision, section, paragraph, sentence, clause, phrase, or word of sections 145.4241 to 145.4246 or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of sections 145.4241 to 145.4246 shall remain effective notwithstanding such unconstitutionality. The legislature hereby declares that it would have passed sections 145.4241 to 145.4246, and each provision, section, paragraph, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provision, section, paragraph, sentence, clause, phrase, or word be declared unconstitutional.

Sec. 54. Minnesota Statutes 1998, section 145.924, is amended to read:

145.924 [AIDS PREVENTION GRANTS.]

(a) The commissioner may award grants to boards of health as defined in section 145A.02, subdivision 2, state agencies, state councils, or nonprofit corporations to provide evaluation and counseling services to populations at risk for acquiring human immunodeficiency virus infection, including, but not limited to, minorities, adolescents, intravenous drug users, and homosexual men.

(b) The commissioner may award grants to agencies experienced in providing services to communities of color, for the design of innovative outreach and education programs for targeted groups within the community who may be at risk of acquiring the human immunodeficiency virus infection, including intravenous drug users and their partners, adolescents, gay and bisexual individuals and women. Grants shall be awarded on a request for proposal basis and shall include funds for administrative costs. Priority for grants shall be given to agencies or organizations that have experience in providing service to the particular community which the grantee proposes to serve; that have policymakers representative of the targeted population; that have experience in dealing with issues relating to HIV/AIDS; and that have the capacity to deal effectively with persons of differing sexual orientations. For purposes of this paragraph, the "communities of color" are: the American-Indian community; the Hispanic community; the African-American community; and the Asian-Pacific community.

(c) All state grants for programs targeted to children shall be used exclusively to promote abstinence from sexual activity outside of marriage.

Sec. 55. [145.9253] [FAMILY PLANNING FUNDS RECIPIENTS RESTRICTED.]

(a) The commissioner of health may not allocate state funds that are appropriated for the provision of family planning services, or for which the provision of family planning services is a permitted use of the funds, to any entity that is an organization or affiliate of an organization which provides abortions, promotes abortions, or directly refers for abortions.

(b) Nondirective counseling relating to a pregnancy does not disqualify an entity from receiving an allocation of funds referenced in paragraph (a) from the commissioner.

Sec. 56. Minnesota Statutes 1998, section 145.9255, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The commissioner of health, in consultation with a representative from Minnesota planning, the commissioner of human services, and the commissioner of children, families, and learning, shall develop and implement the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state and promoting abstinence until marriage. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California. The commissioner of health shall consult with the chief of the health education section of the California department of health services for general guidance in developing and implementing the program.

Sec. 57. Minnesota Statutes 1998, section 145.9255, subdivision 4, is amended to read:

Subd. 4. [PROGRAM COMPONENTS.] The program must include the following four major components:

(a) A community organization component in which the community-based local contractors shall include:

(1) use of a postponing sexual involvement education curriculum targeted to boys and girls ages 12 to 14 in schools and/or community settings;

(2) planning and implementing community organization strategies to convey and reinforce the MN ENABL message of postponing sexual involvement, including activities promoting awareness and involvement of parents and other primary caregivers/significant adults, schools, and community; and

(3) development of local media linkages.

(b) A statewide, comprehensive media and public relations campaign to promote changes in sexual attitudes and behaviors, and reinforce the message of ~~postponing adolescent sexual involvement~~ promoting abstinence from sexual activity until marriage.

The commissioner of health, in consultation with the commissioner of children, families, and learning, shall contract with the attorney general's office to develop and implement the media and public relations campaign. In developing the campaign, the attorney general's office shall coordinate and consult with representatives from ethnic and local communities to maximize effectiveness of the social marketing approach to health promotion among the culturally diverse population of the state. The development and implementation of the campaign is subject to input and approval by the commissioner of health.

The local community-based contractors shall collaborate and coordinate efforts with other community organizations and interested persons to provide school and community-wide promotional activities that support and reinforce the message of the MN ENABL curriculum.

(c) An evaluation component which evaluates the process and the impact of the program.

The "process evaluation" must provide information to the state on the breadth and scope of the program. The evaluation must identify program areas that might need modification and identify local MN ENABL contractor strategies and procedures which are particularly effective. Contractors must keep complete records on the demographics of clients served, number of direct education sessions delivered and other appropriate statistics, and must document exactly how the program was implemented. The commissioner may select contractor sites for more in-depth case studies.

The "impact evaluation" must provide information to the state on the impact of the different components of the MN ENABL program and an assessment of the impact of the program on adolescents' related sexual knowledge, attitudes, and risk-taking behavior.

The commissioner shall compare the MN ENABL evaluation information and data with similar evaluation data from other states pursuing a similar adolescent pregnancy prevention program modeled after ENABL and use the information to improve MN ENABL and build on aspects of the program that have demonstrated a delay in adolescent sexual involvement.

(d) A training component requiring the commissioner of health, in consultation with the commissioner of children, families, and learning, to provide comprehensive uniform training to the local MN ENABL community-based local contractors and the direct education program staff.

The local community-based contractors may use adolescent leaders slightly older than the adolescents in the program to impart the message to postpone sexual involvement provided:

(1) the contractor follows a protocol for adult mentors/leaders and older adolescent leaders established by the commissioner of health;

(2) the older adolescent leader is accompanied by an adult leader; and

(3) the contractor uses the curriculum as directed and required by the commissioner of the department of health to implement this part of the program. The commissioner of health shall provide technical assistance to community-based local contractors.

Sec. 58. [145A.135] [TOBACCO USE PREVENTION GRANTS FOR YOUTH.]

Subdivision 1. [COMPETITIVE GRANTS.] (a) The commissioner of health, in consultation with the commissioner of children, families, and learning, shall award grants to community health boards for tobacco use prevention grants targeted at youth up to age 18. The commissioner shall issue a request for proposals by September 1, 1999, require proposals to be submitted by November 1, 1999, and award grants by December 1, 1999. The request for proposals must describe the criteria for evaluation, outcome measures, and evaluation methodology developed by the commissioner under subdivision 4.

(b) The commissioner shall award grants only to community health boards that:

(1) have developed, in collaboration with community action agencies established under sections 119A.374 to 119A.376, a four-year plan to reduce the rate of smoking and tobacco use among youth up to age 18; and

(2) will implement the plan in collaboration with community action agencies, schools, and other public or private entities conducting similar or related initiatives, in a manner that does not duplicate existing efforts.

Community health boards, in collaboration with their community action agencies, may form partnerships and jointly apply for grants.

(c) The commissioner shall award at least two but not more than four competitive grants. Grants awarded by the commissioner must target different areas of the state. At least one grant must target a youth population at high risk of tobacco use.

(d) Grants shall be awarded for two years and may be renewed by the commissioner for an additional two years. A grant recipient may request renewal of a grant by submitting to the commissioner a written request for renewal, a description of initiatives funded by the initial grant, and information on progress toward achieving the outcome measures developed by the commissioner under subdivision 4. The commissioner may renew a grant only if the commissioner determines that the grant recipient has made adequate progress toward implementing its plan and achieving the outcome measures.

(e) A community health board may use grant funds received under this subdivision for tobacco use prevention activities targeted at youth only in those counties in the community health board's community health service area that, as of the date on which the community health board's application for a grant under this subdivision is received by the commissioner, are in compliance with section 461.12, subdivision 1.

Subd. 2. [GRANTS TO COMMUNITY HEALTH BOARDS.] (a) The commissioner shall award grants to each community health board that submits a proposal to establish and implement, in collaboration with community action agencies established under sections 119A.374 to 119A.376, tobacco use prevention initiatives targeted at youth up to age 18. Proposals must be developed in collaboration with the community action agencies. The commissioner shall require community health boards to submit proposals by November 1, 1999, and shall award grants by December 15, 1999. The commissioner shall establish grant levels using the formula in section 145A.13.

(b) Grants shall be awarded for two years and may be renewed by the commissioner for an additional two years. A community health board may request renewal of a grant by submitting to the commissioner a written request for renewal, a description of initiatives funded by the initial grant, and information on progress toward achieving the outcome measures developed by the commissioner under subdivision 4. The commissioner may renew a grant only if the commissioner determines that the community health board has made adequate progress toward implementing its plan and achieving the outcome measures.

(c) A community health board may use grant funds received under this subdivision for tobacco use prevention activities targeted at youth only in those counties in the community health board's community health service area that, as of the date on which the community health board's proposal under this subdivision is received by the commissioner, are in compliance with section 461.12, subdivision 1.

Subd. 3. [PROHIBITION ON MULTIPLE AWARDS.] A community health board may apply for grants under both subdivisions 1 and 2, but may accept only one grant award. If a community health board is awarded a grant under both subdivisions 1 and 2, the board must return one of the grant awards to the commissioner. If a grant awarded under subdivision 1 is returned, the commissioner shall award this money to another applicant. If a grant awarded under subdivision 2 is returned, the commissioner shall distribute this money on a pro rata basis to all other community health boards awarded that grant.

Subd. 4. [EVALUATION.] (a) The commissioner, in consultation with the commissioner of children, families, and learning, shall evaluate the effectiveness of the initiatives funded by the grants provided under this section. Grant recipients shall cooperate with the commissioner in the evaluation and provide the commissioner with outcomes data and other information necessary to conduct the evaluation.

(b) The commissioner, in consultation with the commissioner of children, families, and learning, shall develop criteria for evaluation, outcome measures, and an evaluation methodology by September 1, 2000, and shall provide this information to grant applicants. The commissioner shall include evaluation results in the preliminary and final reports required under subdivision 5.

Subd. 5. [REPORTS.] The commissioner shall present a preliminary report to the legislature by January 15, 2001, on the grant program established by this section. The preliminary report must include information on grant recipients and grant awards, a summary of the evaluation criteria, outcome measures, and evaluation methodology, and preliminary evaluation results. The commissioner shall submit a final report to the legislature by January 15, 2003. The final report must include information on grant renewals, final evaluation results, and recommendations for effective tobacco use prevention initiatives for youth.

Sec. 59. Minnesota Statutes 1998, section 148.5194, is amended to read:

148.5194 [FEES.]

Subdivision 1. [FEE PRORATION.] The commissioner shall prorate the registration fee for first time registrants according to the number of months that have elapsed between the date registration is issued and the date registration must be renewed under section 148.5191, subdivision 4.

Subd. 2. [BIENNIAL REGISTRATION FEE.] The fee for initial registration and biennial registration, temporary registration, or renewal is ~~$160~~ $200.

Subd. 3. [BIENNIAL REGISTRATION FEE FOR DUAL REGISTRATION AS A SPEECH-LANGUAGE PATHOLOGIST AND AUDIOLOGIST.] The fee for initial registration and biennial registration, temporary registration, or renewal is ~~$160~~ $200.

Subd. 3a. [SURCHARGE FEE.] Notwithstanding section 16A.1285, subdivision 2, for a period of four years following the effective date of this subdivision, an applicant for registration or registration renewal must pay a surcharge fee of $25 in addition to any other fees due upon registration or registration renewal.

Subd. 4. [PENALTY FEE FOR LATE RENEWALS.] The penalty fee for late submission of a renewal application is ~~$15~~ $45.

Subd. 5. [NONREFUNDABLE FEES.] All fees are nonrefundable.

Sec. 60. [OUTREACH TO PHYSICIANS.]

The commissioner of health shall plan and conduct outreach activities to educate physicians about the requirements of Minnesota Statutes, sections 145.4201 to 145.4206. In conducting outreach, the commissioner shall disseminate at least two notices to physicians explaining the requirements of Minnesota Statutes, sections 145.4201 to 145.4206, and may conduct other outreach activities as the commissioner deems necessary. The commissioner shall establish the timing and form of the outreach activities required under this section, except that outreach activities must be completed by July 1, 2000.

Sec. 61. [RULES REGULATING PUBLIC SWIMMING POOLS.]

(a) The commissioner of health shall amend Minnesota Rules, part 4717.0250, subparts 7 and 8, to specify that the following portable wading pools are private residential pools, and not public pools, for purposes of public swimming pool regulation under Minnesota Rules, chapter 4717:

(1) a portable wading pool operated at a family day care or group family day care home that is licensed under Minnesota Rules, chapter 9502; and

(2) a portable wading pool operated at a home at which child care services are provided under Minnesota Statutes, section 245A.03, subdivision 2, clause (2), or under Laws 1997, chapter 248, section 46, including subsequent amendments.

(b) The commissioner shall amend Minnesota Rules, part 4717.0250, to define "portable wading pool" as a pool that is entirely aboveground, is readily movable, has a maximum depth of 24 inches, and is used or designed to be used exclusively for wading.

(c) The amendments required by this section may be done in the manner specified in Minnesota Statutes, section 14.388, under the authority of clause (3) of that section.

(Effective Date: Section 61 (Rules regulating public swimming pools) is effective the day following final enactment.)

Sec. 62. [CASE STUDIES TO DEVELOP STANDARDS FOR AUTOPSY PRACTICE IN SPECIAL CASES.]

Subdivision 1. [CASE STUDIES.] (a) If a professional association representing coroners and medical examiners in Minnesota accepts a grant from the commissioner of health for purposes of this section, it must comply with the terms of this section. A professional association representing coroners and medical examiners in Minnesota may conduct a series of case studies to examine cases in which performing autopsies are controversial or in which autopsies are opposed by a decedent's relative or friend based on the decedent's religious beliefs. The cases to be examined may be cases in which it is not immediately apparent that an autopsy is needed to determine the person's cause of death but that, upon further investigation, the coroner or medical examiner determines that an autopsy is necessary to determine the cause of death and that the cause of death must be determined. Using these case studies, the professional association may develop:

(1) guidelines for coroners and medical examiners regarding when to perform autopsies in controversial situations or in situations in which autopsies are opposed based on a decedent's religious beliefs; and

(2) special autopsy methods and procedures, if appropriate, for autopsies in controversial situations or situations in which autopsies are opposed based on a decedent's religious beliefs.

(b) The professional association may conduct 12 case studies or more for the purposes in paragraph (a). Upon completion of the case studies, the professional association may disseminate the guidelines and procedures developed to all coroners and medical examiners conducting autopsies in Minnesota.

Subd. 2. [REPORT TO LEGISLATURE.] The professional association may report to the legislature by January 15, 2000, on the results of the case studies, the guidelines developed for autopsy practice, the special autopsy methods and procedures developed, and efforts or plans to disseminate the guidelines and procedures developed to coroners and medical examiners conducting autopsies in Minnesota.

Subd. 3. [DATA PRIVACY.] All records held by the professional association for purposes of completing the case studies must be held in confidence. The guidelines for autopsies and special autopsy methods and procedures that are disseminated to coroners and medical examiners shall contain no individually identifiable information.

Sec. 63. [ANNUAL FEE FOR SERVICE CONNECTIONS TO PUBLIC WATER SUPPLIES.]

Notwithstanding Minnesota Statutes, section 144.3831, for the fiscal year ending June 30, 2000 the commissioner of health shall not assess an annual fee of $5.21 for every service connection to a public water supply that is owned or operated by a home rule charter city, a statutory city, a city of the first class, or a town.

Sec. 64. [PILOT PROGRAM FOR PHARMACIST DRUG THERAPY MANAGEMENT.]

The commissioner of human services shall award grants to create and develop a pilot program to involve pharmacists in coordinating drug therapy management services. Pharmacist drug therapy management (1) does not include the initiation of a prescription drug order by a pharmacist, and (2) does not permit a pharmacist to make any unauthorized decisions about modifying or substituting drug therapies under this pilot program. A pharmacist participating in this pilot program must comply with Minnesota Statutes, section 151.21, subdivision 1. The pilot program shall reimburse licensed Minnesota pharmacists for coordinating drug therapy management services to at-risk patient populations, including persons with asthma, hypertension, high cholesterol, diabetes, HIV, and tobacco addiction. The program shall commence on February 1, 2000, and terminate on January 31, 2001. The commissioner of human services shall issue a request for information (RFI) on the pilot program from the public by August 1, 1999, and shall issue a request for proposal (RFP) to award a grant to the appropriate bidder to implement the pilot program by October 1, 1999. A report to the Minnesota legislature is due by February 1, 2000. The commissioner of human services shall issue a final report to the Minnesota legislature by March 15, 2001.

Sec. 65. [AMENDMENT TO RULES.]

The commissioner of health shall amend Minnesota Rules, chapter 4730 to conform with Minnesota Statutes, section 144.121, subdivision 8. The amendments required by this section may be done in the manner specified in Minnesota Statutes, section 14.388, under the authority of clause (3) of that section. Minnesota Statutes, section 14.386, paragraph (b), does not apply to amendments to rules made under this section.

(Effective Date: Section 65 (amendment to rules) is effective the day following final enactment.)

Sec. 66. [REPEALER.]

(a) Minnesota Statutes 1998, sections 13.99, subdivision 19m; 62J.78; and 62J.79, are repealed.

(b) Minnesota Statutes 1998, sections 144.9507, subdivision 4; 144.9511; and 145.46, are repealed.

(c) Minnesota Statutes 1998, section 157.011, subdivision 2, is repealed.

(d) Minnesota Statutes 1998, sections 144.1475 and 144.148, are repealed.

(e) Laws 1998, chapter 407, article 2, section 104, is repealed.

(f) Minnesota Rules, part 4688.0030, is repealed.

Sec. 67. [EFFECTIVE DATE.]

When preparing the health and human services conference committee report for adoption by the legislature, the revisor shall combine all the bracketed effective date notations into this effective date section.

ARTICLE 3

LONG-TERM CARE

Section 1. Minnesota Statutes 1998, section 144A.073, is amended to read:

144A.073 [REVIEW OF PROPOSALS REQUIRING EXCEPTIONS TO THE MORATORIUM OR RATE ADJUSTMENTS.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them:

(a) "Conversion" means the relocation of a nursing home bed from a nursing home to an attached hospital.

(b) "Relocation" means the movement of licensed nursing home beds or certified boarding care beds as permitted under subdivision 4, clause (3), and subdivision 5.

(c) "Renovation" means extensive remodeling of, or construction of an addition to, a facility on an existing site with a total cost exceeding ten percent of the appraised value of the facility or $200,000, whichever is less.

(d) "Replacement" means the demolition, delicensure, reconstruction, or construction of an addition to all or part of an existing facility.

(e) "Upgrading" means a change in the level of licensure of a bed from a boarding care bed to a nursing home bed in a certified boarding care facility.

Subd. 2. [REQUEST FOR PROPOSALS.] At the authorization by the legislature of additional medical assistance expenditures for exceptions to the moratorium on nursing homes or for rate adjustments, the interagency committee shall publish in the State Register a request for proposals for nursing home projects to be licensed or certified under section 144A.071, subdivision 4a, clause (c), and for nursing facility rate adjustments. The public notice of this funding and the request for proposals must specify how the approval criteria will be prioritized by the advisory review panel, the interagency long-term care planning committee, and the commissioner. The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency committee within 90 days of the date of publication. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the interagency committee shall publish a notice to that effect, and no proposals shall be requested. If money is appropriated, the interagency committee shall initiate the application and review process described in this section at least twice each biennium and up to four times each biennium, according to dates established by rule. Authorized funds shall be allocated proportionally to the number of processes. Funds not encumbered by an earlier process within a biennium shall carry forward to subsequent iterations of the process. Authorization for expenditures does not carry forward into the following biennium. To be considered for approval, a proposal must include the following information:

(1) whether the request is for a rate adjustment, renovation, replacement, upgrading, conversion, or relocation;

(2) a description of the problem the project is designed to address;

(3) a description of the proposed project;

(4) an analysis of projected costs of the nursing facility proposal, which are not required to exceed the cost threshold referred to in section 144A.071, subdivision 1, to be considered under this section, including costs of the rate adjustment; initial construction and remodeling costs; site preparation costs; financing costs, including the current estimated long-term financing costs of the proposal, which consists of estimates of the amount and sources of money, reserves if required under the proposed funding mechanism, annual payments schedule, interest rates, length of term, closing costs and fees, insurance costs, and any completed marketing study or underwriting review; and estimated operating costs during the first two years after completion of the project;

(5) for proposals involving replacement of all or part of a facility, the proposed location of the replacement facility and an estimate of the cost of addressing the problem through renovation;

(6) for proposals involving renovation, an estimate of the cost of addressing the problem through replacement;

(7) the proposed timetable for commencing construction and completing the project;

(8) a statement of any licensure or certification issues, such as certification survey deficiencies;

(9) the proposed relocation plan for current residents if beds are to be closed so that the department of human services can estimate the total costs of a proposal; ~~and~~

(10) for proposals involving a rate adjustment, the historical circumstances leading the facility to request a rate adjustment, and supporting financial information demonstrating that the financial viability and continued operation of the facility would be threatened without the adjustment; and

(11) other information required by permanent rule of the commissioner of health in accordance with subdivisions 4 and 8.

Subd. 3. [REVIEW AND APPROVAL OF PROPOSALS.] Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency long-term care planning committee may recommend that the commissioner of health grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section, or recommend that the commissioner of human services provide facility rate adjustments. The interagency committee shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the committee. The commissioners of human services and health shall provide staff and technical assistance to the committee for the review and analysis of proposals. The interagency committee shall hold a public hearing before submitting recommendations to the commissioner of health on project requests. The committee shall submit recommendations within 150 days of the date of the publication of the notice. The commissioner of health shall approve or disapprove a project within 30 days after receiving the committee's recommendations. The advisory review panel, the committee, and the commissioner of health shall base their recommendations, approvals, or disapprovals on a comparison and ranking of proposals using only the criteria in subdivision 4 and in rules adopted by the commissioner. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires 18 months after approval by the commissioner of health unless the facility has commenced construction as defined in section 144A.071, subdivision 1a, paragraph (d). The committee's report to the legislature, as required under section 144A.31, must include the projects approved, the criteria used to recommend proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling and rate adjustments, and the estimated operating costs during the first two years after the project is completed.

Subd. 3b. [AMENDMENTS TO APPROVED PROJECTS.] (a) Nursing facilities that have received approval on or after July 1, 1993, for exceptions to the moratorium on nursing homes through the process described in this section may request amendments to the designs of the projects by writing the commissioner within 18 months of receiving approval. Applicants shall submit supporting materials that demonstrate how the amended projects meet the criteria described in paragraph (b).

(b) The commissioner shall approve requests for amendments for projects approved on or after July 1, 1993, according to the following criteria:

(1) the amended project designs must provide solutions to all of the problems addressed by the original application that are at least as effective as the original solutions;

(2) the amended project designs may not reduce the space in each resident's living area or in the total amount of common space devoted to resident and family uses by more than five percent;

(3) the costs recognized for reimbursement of amended project designs shall be the threshold amount of the original proposal as identified according to section 144A.071, subdivision 2, except under conditions described in clause (4); and

(4) total costs up to ten percent greater than the cost identified in clause (3) may be recognized for reimbursement if the proposer can document that one of the following circumstances is true:

(i) changes are needed due to a natural disaster;

(ii) conditions that affect the safety or durability of the project that could not have reasonably been known prior to approval are discovered;

(iii) state or federal law require changes in project design; or

(iv) documentable circumstances occur that are beyond the control of the owner and require changes in the design.

(c) Approval of a request for an amendment does not alter the expiration of approval of the project according to subdivision 3.

Subd. 3c. [COST NEUTRAL RELOCATION PROJECTS.] (a) Notwithstanding subdivision 3, the interagency committee may at any time accept proposals, or amendments to proposals previously approved under this section, for relocations that are cost neutral with respect to state costs as defined in section 144A.071, subdivision 5a. The committee shall review these applications and make recommendations to the commissioner within 90 days. The committee must evaluate proposals according to subdivision 4, clauses (1), (2), and (3), and other criteria established in rule. The commissioner shall approve or disapprove a project within 30 days of receiving the committee's recommendation. Proposals and amendments approved under this subdivision are not subject to the six-mile limit in subdivision 5, paragraph (e).

(b) For the purposes of paragraph (a), cost neutrality shall be measured over the first three 12-month periods of operation after completion of the project.

Subd. 4. [CRITERIA FOR REVIEW.] The following criteria shall be used in a consistent manner to compare, evaluate, and rank all proposals submitted. Except for the criteria specified in ~~clause~~ clauses (3) and (9), the application of criteria listed under this subdivision shall not reflect any distinction based on the geographic location of the proposed project:

(1) the extent to which the proposal furthers state long-term care goals, including the goals stated in section 144A.31, and including the goal of enhancing the availability and use of alternative care services and the goal of reducing the number of long-term care resident rooms with more than two beds;

(2) the proposal's long-term effects on state costs including the cost estimate of the project according to section 144A.071, subdivision 5a;

(3) the extent to which the proposal promotes equitable access to long-term care services in nursing homes through redistribution of the nursing home bed supply, as measured by the number of beds relative to the population 85 or older, projected to the year 2000 by the state demographer, and according to items (i) to (iv):

(i) reduce beds in counties where the supply is high, relative to the statewide mean, and increase beds in counties where the supply is low, relative to the statewide mean;

(ii) adjust the bed supply so as to create the greatest benefits in improving the distribution of beds;

(iii) adjust the existing bed supply in counties so that the bed supply in a county moves toward the statewide mean; and

(iv) adjust the existing bed supply so that the distribution of beds as projected for the year 2020 would be consistent with projected need, based on the methodology outlined in the interagency long-term care committee's 1993 nursing home bed distribution study;

(4) the extent to which the project improves conditions that affect the health or safety of residents, such as narrow corridors, narrow door frames, unenclosed fire exits, and wood frame construction, and similar provisions contained in fire and life safety codes and licensure and certification rules;

(5) the extent to which the project improves conditions that affect the comfort or quality of life of residents in a facility or the ability of the facility to provide efficient care, such as a relatively high number of residents in a room; inadequate lighting or ventilation; poor access to bathing or toilet facilities; a lack of available ancillary space for dining rooms, day rooms, or rooms used for other activities; problems relating to heating, cooling, or energy efficiency; inefficient location of nursing stations; narrow corridors; or other provisions contained in the licensure and certification rules;

(6) the extent to which the applicant demonstrates the delivery of quality care, as defined in state and federal statutes and rules, to residents as evidenced by the two most recent state agency certification surveys and the applicants' response to those surveys;

(7) the extent to which the project removes the need for waivers or variances previously granted by either the licensing agency, certifying agency, fire marshal, or local government entity; ~~and~~

(8) other factors that may be developed in permanent rule by the commissioner of health that evaluate and assess how the proposed project will further promote or protect the health, safety, comfort, treatment, or well-being of the facility's residents; and

(9) for rate adjustment proposals, the extent to which the financial viability and continued operation of the facility would be threatened without a rate adjustment.

Subd. 5. [REPLACEMENT RESTRICTIONS.] (a) Proposals submitted or approved under this section involving replacement must provide for replacement of the facility on the existing site except as allowed in this subdivision.

(b) Facilities located in a metropolitan statistical area other than the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same census tract or a contiguous census tract.

(c) Facilities located in the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same or contiguous health planning area as adopted in March 1982 by the metropolitan council.

(d) Facilities located outside a metropolitan statistical area may relocate to a site within the same city or township, or within a contiguous township.

(e) A facility relocated to a different site under paragraph (b), (c), or (d) must not be relocated to a site more than six miles from the existing site.

(f) The relocation of part of an existing first facility to a second location, under paragraphs (d) and (e), may include the relocation to the second location of up to four beds from part of an existing third facility located in a township contiguous to the location of the first facility. The six-mile limit in paragraph (e) does not apply to this relocation from the third facility.

(g) For proposals approved on January 13, 1994, under this section involving the replacement of 102 licensed and certified beds, the relocation of the existing first facility to the second and third locations under paragraphs (d) and (e) may include the relocation of up to 50 percent of the beds of the existing first facility to each of the locations. The six-mile limit in paragraph (e) does not apply to this relocation to the third location. Notwithstanding subdivision 3, construction of this project may be commenced any time prior to January 1, 1996.

Subd. 6. [CONVERSION RESTRICTIONS.] Proposals submitted or approved under this section involving conversion must satisfy the following conditions:

(a) Conversion is limited to a total of five beds.

(b) An equivalent number of hospital beds must be delicensed.

(c) The average occupancy rate in the existing nursing home beds must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(d) The cost of remodeling the hospital rooms to meet current nursing home construction standards must not exceed ten percent of the appraised value of the nursing home or $200,000, whichever is less.

(e) The conversion must not result in an increase in operating costs.

Subd. 7. [UPGRADING RESTRICTIONS.] Proposals submitted or approved under this section involving upgrading must satisfy the following conditions:

(a) The facility must meet minimum nursing home care standards.

(b) If beds are upgraded to nursing home beds, the number of boarding care beds in a facility must not increase in the future.

(c) The average occupancy rate in the existing nursing home beds in an attached facility must be greater than 96 percent according to the most recent annual statistical report of the department of health.

Subd. 8. [RULEMAKING.] The commissioner of health shall adopt rules to implement this section. The permanent rules must be in accordance with and implement only the criteria listed in this section. The authority to adopt permanent rules continues until July 1, 1996.

Subd. 9. [BUDGET REQUEST.] The commissioner of human services, in consultation with the commissioner of finance, shall include in each biennial budget request a line item for the nursing home moratorium exception and rate adjustment process. If the commissioner of human services does not request funding for this item, the commissioner of human services must justify the decision in the budget pages.

Sec. 2. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 1a. [TRAINING AND EDUCATION FOR NURSING FACILITY PROVIDERS.] The commissioner of health must establish and implement a prescribed process and program for providing training and education to providers licensed by the department of health, either by itself or in conjunction with the industry trade associations, before using any new regulatory guideline, regulation, interpretation, program letter or memorandum, or any other materials used in surveyor training to survey licensed providers. The process should include but is not limited to the following key components:

(1) facilitate the implementation of immediate revisions to any course curriculum for nursing assistants which reflect any new standard of care practice that has been adopted or referenced by the health department concerning the issue in question;

(2) conduct training of long-term care providers and health department survey inspectors either jointly or during the same time frame on the department's new expectations; and

(3) within available resources the commissioner shall cooperate in the development of clinical standards, work with vendors of supplies and services regarding hazards, and identify research of interest to the long-term care community.

Sec. 3. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 11. [DATA ON FOLLOW-UP SURVEYS.] (a) If requested and not prohibited by federal law, the commissioner shall make available to the nursing home associations and the public photocopies of statements of deficiencies and related letters from the department pertaining to federal certification surveys. The commissioner may charge for the actual cost of reproduction of these documents.

(b) The commissioner shall also make available on a quarterly basis aggregate data for all statements of deficiencies issued after federal certification follow-up surveys related to surveys that were conducted in the quarter prior to the immediately preceding quarter. The data shall include the number of facilities with deficiencies, the total number of deficiencies, the number of facilities that did not have any deficiencies, the number of facilities for which a resurvey or follow-up survey was not performed, and the average number of days between the follow-up or resurvey and the exit date of the preceding survey.

(Effective Date: Section 3 (144A.10, subdivision 11) is effective the day following final enactment.)

Sec. 4. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 12. [NURSE AIDE TRAINING WAIVERS.] Because any disruption or delay in the training and registration of nurses aides may reduce access to care in certified facilities, the commissioner shall grant all possible waivers for the continuation of an approved nurse aide training and competency evaluation program or nurse aide training program or competency evaluation program conducted by or on the site of any certified nursing facility or skilled nursing facility that would otherwise lose approval for the program or programs. The commissioner shall take into consideration the distance to other training programs, the frequency of other training programs, and the impact that the loss of the onsite training will have on the nursing facility's ability to recruit and train nurse aides.

(Effective Date: Section 4 (144A.10, subdivision 12) is effective the day following final enactment.)

Sec. 5. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 13. [IMMEDIATE JEOPARDY.] When conducting survey certification and enforcement activities related to regular, expanded, or extended surveys under Code of Federal Regulations, title 42, part 488, the commissioner may not issue a finding of immediate jeopardy unless the specific event or omission that constitutes the violation of the requirements of participation poses an imminent risk of life-threatening or serious injury to a resident. The commissioner may not issue any findings of immediate jeopardy after the conclusion of a regular, expanded, or extended survey unless the survey team identified the deficient practice or practices that constitute immediate jeopardy and the residents at risk prior to the close of the exit conference.

(Effective Date: Section 5 (144A.10, subdivision 13) is effective the day following final enactment.)

Sec. 6. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 14. [INFORMAL DISPUTE RESOLUTION.] The commissioner shall respond in writing to a request from a nursing facility certified under the federal Medicare and Medicaid programs for an informal dispute resolution, within 30 days of the exit date of the facility's survey. The commissioner's response shall identify the commissioner's decision regarding the continuation of each deficiency citation challenged by the nursing facility, as well as a statement of any changes in findings, level of severity or scope, and proposed remedies or sanctions for each deficiency citation.

(Effective Date: Section 6 (144A.10, subdivision 14) is effective the day following final enactment.)

Sec. 7. [144A.102] [USE OF CIVIL MONEY PENALTIES; WAIVER FROM STATE AND FEDERAL RULES AND REGULATIONS.]

By January 2000, the commissioner of health shall work with providers to examine state and federal rules and regulations governing the provision of care in licensed nursing facilities and apply for federal waivers and identify necessary changes in state law to:

(1) allow the use of civil money penalties imposed upon nursing facilities to abate any deficiencies identified in a nursing facility's plan of correction; and

(2) stop the accrual of any fine imposed by the health department when a follow-up inspection survey is not conducted by the department within the regulatory deadline.

(Effective Date: Section 7 (144A.102) is effective the day following final enactment.)

Sec. 8. Minnesota Statutes 1998, section 144D.01, subdivision 4, is amended to read:

Subd. 4. [HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.] "Housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment.

Housing with services establishment does not include:

(1) a nursing home licensed under chapter 144A;

(2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;

(3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450, or under chapter 245B;

(4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;

(5) a family adult foster care home licensed by the department of human services;

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;

(7) residential settings for persons with mental retardation or related conditions in which the services are licensed under Minnesota Rules, parts 9525.2100 to 9525.2140, or applicable successor rules or laws;

(8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;

(9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units; or

(10) services for persons with developmental disabilities that are provided under a license according to Minnesota Rules, parts 9525.2000 to 9525.2140 in effect until January 1, 1998, or under chapter 245B.

Sec. 9. Minnesota Statutes 1998, section 252.28, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATIONS; REDETERMINATIONS.] In conjunction with the appropriate county boards, the commissioner of human services shall determine, and shall redetermine at least every four years, the need, location, size, and program of public and private ~~residential services and~~ day training and habilitation services for persons with mental retardation or related conditions. This subdivision does not apply to semi-independent living services and residential-based habilitation services provided to four or fewer persons at a single site funded as home and community-based services. A determination of need shall not be required for a change in ownership.

Sec. 10. [252.282] [ICF/MR LOCAL SYSTEM NEEDS PLANNING.]

Subdivision 1. [HOST COUNTY RESPONSIBILITY.] (a) For purposes of this section, "local system needs planning" means the determination of need for ICF/MR services by program type, location, demographics, and size of licensed services for persons with developmental disabilities or related conditions.

(b) This section does not apply to semi-independent living services and residential-based habilitation services funded as home and community-based services.

(c) In collaboration with the commissioner and ICF/MR providers, counties shall complete a local system needs planning process for each ICF/MR facility. Counties shall evaluate the preferences and needs of persons with developmental disabilities to determine resource demands through a systematic assessment and planning process by May 15, 2000, and by July 1 every two years thereafter beginning in 2001.

(d) A local system needs planning process shall be undertaken more frequently when the needs or preferences of consumers change significantly to require reformation of the resources available to persons with developmental disabilities.

(e) A local system needs plan shall be amended anytime recommendations for modifications to existing ICF/MR services are made to the host county, including recommendations for:

(1) closure;

(2) relocation of services;

(3) downsizing;

(4) rate adjustments exceeding 90 days duration to address access; or

(5) modification of existing services for which a change in the framework of service delivery is advocated.

Subd. 2. [CONSUMER NEEDS AND PREFERENCES.] In conducting the local system needs planning process, the host county must use information from the individual service plans of persons for whom the county is financially responsible and of persons from other counties for whom the county has agreed to be the host county. The determination of services and supports offered within the county shall be based on the preferences and needs of consumers. The host county shall also consider the community social services plan, waiting lists, and other sources that identify unmet needs for services. A review of ICF/MR facility licensing and certification surveys, substantiated maltreatment reports, and established service standards shall be employed to assess the performance of providers and shall be considered in the county's recommendations. Consumer satisfaction surveys may also be considered in this process.

Subd. 3. [RECOMMENDATIONS.] (a) Upon completion of the local system needs planning assessment, the host county shall make recommendations by May 15, 2000, and by July 1 every two years thereafter beginning in 2001. If no change is recommended, a copy of the assessment along with corresponding documentation shall be provided to the commissioner by July 1 prior to the contract year.

(b) Except as provided in section 252.292, subdivision 4, recommendations regarding closures, relocations, or downsizings that include a rate increase and recommendations regarding rate adjustments exceeding 90 days shall be submitted to the statewide advisory committee for review and determination, along with the assessment, plan, and corresponding budget.

(c) Recommendations for closures, relocations, and downsizings that do not include a rate increase and for modification of existing services for which a change in the framework of service delivery is necessary shall be provided to the commissioner by July 1 prior to the contract year or at least 90 days prior to the anticipated change, along with the assessment and corresponding documentation.

Subd. 4. [THE STATEWIDE ADVISORY COMMITTEE.] (a) The commissioner shall appoint a five-member statewide advisory committee. The advisory committee shall include representatives of providers and counties and the commissioner or the commissioner's designee.

(b) The criteria for ranking proposals, already developed in 1997 by a task force authorized by the legislature, shall be adopted and incorporated into the decision-making process. Specific guidelines, including time frame for submission of requests, shall be established and announced through the State Register, and all requests shall be considered in comparison to each other and the ranking criteria. The advisory committee shall review and recommend requests for facility rate adjustments to address closures, downsizing, relocation, or access needs within the county and shall forward recommendations and documentation to the commissioner. The committee shall ensure that:

(1) applications are in compliance with applicable state and federal law and with the state plan; and

(2) cost projections for the proposed service are within fiscal limitations.

(c) The advisory committee shall review proposals and submit recommendations to the commissioner within 60 days following the published deadline for submission under subdivision 5.

Subd. 5. [RESPONSIBILITIES OF THE COMMISSIONER.] (a) In collaboration with counties, providers, and the statewide advisory committee, the commissioner shall ensure that services recognize the preferences and needs of persons with developmental disabilities and related conditions through a recurring systemic review and assessment of ICF/MR facilities within the state.

(b) The commissioner shall publish a notice in the state register twice each calendar year to announce the opportunity for counties or providers to submit requests for rate adjustments associated with plans for downsizing, relocation, and closure of ICF/MR facilities.

(c) The commissioner shall designate funding parameters to counties and to the statewide advisory committee for the overall implementation of system needs within the fiscal resources allocated by the legislature.

(d) The commissioner shall contract with ICF/MR providers. The initial contracts shall cover the period from October 1, 2000, to December 31, 2001. Subsequent contracts shall be for two-year periods beginning January 1, 2002.

Sec. 11. Minnesota Statutes 1998, section 256B.0911, subdivision 6, is amended to read:

Subd. 6. [PAYMENT FOR PREADMISSION SCREENING.] (a) The total screening payment for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must be determined by dividing the county's annual allocation for screenings by 12 to determine the monthly payment and allocating the monthly payment to each nursing facility based on the number of licensed beds in the nursing facility.

(b) The commissioner shall include the total annual payment for screening for each nursing facility according to section 256B.431, subdivision 2b, paragraph (g), or 256B.435.

(c) Payments for screening activities are available to the county or counties to cover staff salaries and expenses to provide the screening function. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to conduct the preadmission screening activity while meeting the state's long-term care outcomes and objectives as defined in section 256B.0917, subdivision 1. The local agency shall be accountable for meeting local objectives as approved by the commissioner in the CSSA biennial plan.

~~(c)~~ (d) Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

~~(d)~~ (e) The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local screening teams.

Sec. 12. Minnesota Statutes 1998, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

(1) adult foster care;

(2) adult day care;

(3) home health aide;

(4) homemaker services;

(5) personal care;

(6) case management;

(7) respite care;

(8) assisted living;

(9) residential care services;

(10) care-related supplies and equipment;

(11) meals delivered to the home;

(12) transportation;

(13) skilled nursing;

(14) chore services;

(15) companion services;

(16) nutrition services;

(17) training for direct informal caregivers; ~~and~~

(18) telemedicine devices to monitor recipients in their own homes as an alternative to hospital care, nursing home care, or home visits~~.~~; and

(19) other services including direct cash payments to clients, approved by the county agency, subject to the provisions of paragraph (m). Total annual payments for other services for all clients within a county may not exceed either ten percent of that county's annual alternative care program base allocation or $5,000, whichever is greater. In no case shall this amount exceed the county's total annual alternative care program base allocation.

(b) The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs.

(c) Unless specified in statute, the service standards for alternative care services shall be the same as the service standards defined in the elderly waiver. Except for the county agencies' approval of direct cash payments to clients, persons or agencies must be employed by or under a contract with the county agency or the public health nursing agency of the local board of health in order to receive funding under the alternative care program.

(d) The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

(e) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(f) A county may use alternative care funds to purchase medical supplies and equipment without prior approval from the commissioner when: (1) there is no other funding source; (2) the supplies and equipment are specified in the individual's care plan as medically necessary to enable the individual to remain in the community according to the criteria in Minnesota Rules, part 9505.0210, item A; and (3) the supplies and equipment represent an effective and appropriate use of alternative care funds. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor. A county is not required to contract with a provider of supplies and equipment if the monthly cost of the supplies and equipment is less than $250.

(g) For purposes of this section, residential care services are services which are provided to individuals living in residential care homes. Residential care homes are currently licensed as board and lodging establishments and are registered with the department of health as providing special services. Residential care services are defined as "supportive services" and "health-related services." "Supportive services" means the provision of up to 24-hour supervision and oversight. Supportive services includes: (1) transportation, when provided by the residential care center only; (2) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature; (3) assisting clients in setting up meetings and appointments; (4) assisting clients in setting up medical and social services; (5) providing assistance with personal laundry, such as carrying the client's laundry to the laundry room. Assistance with personal laundry does not include any laundry, such as bed linen, that is included in the room and board rate. Health-related services are limited to minimal assistance with dressing, grooming, and bathing and providing reminders to residents to take medications that are self-administered or providing storage for medications, if requested. Individuals receiving residential care services cannot receive both personal care services and residential care services.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to clients who reside in the same apartment building of three or more units which are not subject to registration under chapter 144D. Assisted living services are defined as up to 24-hour supervision, and oversight, supportive services as defined in clause (1), individualized home care aide tasks as defined in clause (2), and individualized home management tasks as defined in clause (3) provided to residents of a residential center living in their units or apartments with a full kitchen and bathroom. A full kitchen includes a stove, oven, refrigerator, food preparation counter space, and a kitchen utensil storage compartment. Assisted living services must be provided by the management of the residential center or by providers under contract with the management or with the county.

(1) Supportive services include:

(i) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature;

(ii) assisting clients in setting up meetings and appointments; and

(iii) providing transportation, when provided by the residential center only.

Individuals receiving assisted living services will not receive both assisted living services and homemaking or personal care services. Individualized means services are chosen and designed specifically for each resident's needs, rather than provided or offered to all residents regardless of their illnesses, disabilities, or physical conditions.

(2) Home care aide tasks means:

(i) preparing modified diets, such as diabetic or low sodium diets;

(ii) reminding residents to take regularly scheduled medications or to perform exercises;

(iii) household chores in the presence of technically sophisticated medical equipment or episodes of acute illness or infectious disease;

(iv) household chores when the resident's care requires the prevention of exposure to infectious disease or containment of infectious disease; and

(v) assisting with dressing, oral hygiene, hair care, grooming, and bathing, if the resident is ambulatory, and if the resident has no serious acute illness or infectious disease. Oral hygiene means care of teeth, gums, and oral prosthetic devices.

(3) Home management tasks means:

(i) housekeeping;

(ii) laundry;

(iii) preparation of regular snacks and meals; and

(iv) shopping.

Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.011 and 157.15 to 157.22.

(i) For establishments registered under chapter 144D, assisted living services under this section means the services described and licensed under section 144A.4605.

(j) For the purposes of this section, reimbursement for assisted living services and residential care services shall be a monthly rate negotiated and authorized by the county agency based on an individualized service plan for each resident. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, unless the services are provided by a home care provider licensed by the department of health and are provided in a building that is registered as a housing with services establishment under chapter 144D and that provides 24-hour supervision.

(k) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or ~~nonprofit~~ organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(l) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

(m) A county agency may make payment from their alternative care program allocation for other services provided to an alternative care program recipient if those services prevent, shorten, or delay institutionalization. These services may include direct cash payments to the recipient for the purpose of purchasing the recipient's services. The following provisions apply to payments under this paragraph:

(1) a cash payment to a client under this provision cannot exceed 80 percent of the monthly payment limit for that client as specified in subdivision 4, paragraph (a), clause (7);

(2) a county may not approve any cash payment for a client who has been assessed as having a dependency in orientation, unless the client has an authorized representative under section 256.476, subdivision 2, paragraph (g), or for a client who is concurrently receiving adult foster care, residential care, or assisted living services;

(3) any service approved under this section must be a service which meets the purpose and goals of the program as listed in subdivision 1;

(4) cash payments must also meet the criteria in section 256.476, subdivision 4, paragraph (b), and recipients of cash grants must meet the requirements in section 256.476, subdivision 10; and

(5) the county shall report client outcomes, services, and costs under this paragraph in a manner prescribed by the commissioner.

Upon implementation of direct cash payments to clients under this section, any person determined eligible for the alternative care program who chooses a cash payment approved by the county agency shall receive the cash payment under this section and not under section 256.476 unless the person was receiving a consumer support grant under section 256.476 before implementation of direct cash payments under this section.

Sec. 13. Minnesota Statutes 1998, section 256B.0913, subdivision 10, is amended to read:

Subd. 10. [ALLOCATION FORMULA.] (a) The alternative care appropriation for fiscal years 1992 and beyond shall cover only 180-day eligible clients.

(b) Prior to July 1 of each year, the commissioner shall allocate to county agencies the state funds available for alternative care for persons eligible under subdivision 2. The allocation for fiscal year 1992 shall be calculated using a base that is adjusted to exclude the medical assistance share of alternative care expenditures. The adjusted base is calculated by multiplying each county's allocation for fiscal year 1991 by the percentage of county alternative care expenditures for 180-day eligible clients. The percentage is determined based on expenditures for services rendered in fiscal year 1989 or calendar year 1989, whichever is greater.

(c) If the county expenditures for 180-day eligible clients are 95 percent or more of its adjusted base allocation, the allocation for the next fiscal year is 100 percent of the adjusted base, plus inflation to the extent that inflation is included in the state budget.

(d) If the county expenditures for 180-day eligible clients are less than 95 percent of its adjusted base allocation, the allocation for the next fiscal year is the adjusted base allocation less the amount of unspent funds below the 95 percent level.

(e) For fiscal year 1992 only, a county may receive an increased allocation if annualized service costs for the month of May 1991 for 180-day eligible clients are greater than the allocation otherwise determined. A county may apply for this increase by reporting projected expenditures for May to the commissioner by June 1, 1991. The amount of the allocation may exceed the amount calculated in paragraph (b). The projected expenditures for May must be based on actual 180-day eligible client caseload and the individual cost of clients' care plans. If a county does not report its expenditures for May, the amount in paragraph (c) or (d) shall be used.

(f) Calculations for paragraphs (c) and (d) are to be made as follows: for each county, the determination of expenditures shall be based on payments for services rendered from April 1 through March 31 in the base year, to the extent that claims have been submitted by June 1 of that year. Calculations for paragraphs (c) and (d) must also include the funds transferred to the consumer support grant program for clients who have transferred to that program from April 1 through March 31 in the base year.

(g) For the biennium ending June 30, 2001, the allocation of state funds to county agencies shall be calculated as described in paragraphs (c) and (d). If the annual legislative appropriation for the alternative care program is inadequate to fund the combined county allocations for fiscal year 2000 or 2001, the commissioner shall distribute to each county the entire annual appropriation as that county's percentage of the computed base as calculated in paragraph (f).

Sec. 14. Minnesota Statutes 1998, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The amount of the premium for the alternative care client shall be determined as follows:

(1) when the alternative care client's income less recurring and predictable medical expenses is greater than the medical assistance income standard but less than 150 percent of the federal poverty guideline, and total assets are less than ~~$6,000~~ $10,000, the fee is zero;

(2) when the alternative care client's income less recurring and predictable medical expenses is greater than 150 percent of the federal poverty guideline, and total assets are less than ~~$6,000~~ $10,000, the fee is 25 percent of the cost of alternative care services or the difference between 150 percent of the federal poverty guideline and the client's income less recurring and predictable medical expenses, whichever is less; and

(3) when the alternative care client's total assets are greater than ~~$6,000~~ $10,000, the fee is 25 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable. For married persons, total income is defined as the client's income less the monthly spousal allotment, under section 256B.058.

All alternative care services except case management shall be included in the estimated costs for the purpose of determining 25 percent of the costs.

The monthly premium shall be calculated based on the cost of the first full month of alternative care services and shall continue unaltered until the next reassessment is completed or at the end of 12 months, whichever comes first. Premiums are due and payable each month alternative care services are received unless the actual cost of the services is less than the premium.

(b) The fee shall be waived by the commissioner when:

(1) a person who is residing in a nursing facility is receiving case management only;

(2) a person is applying for medical assistance;

(3) a married couple is requesting an asset assessment under the spousal impoverishment provisions;

(4) a person is a medical assistance recipient, but has been approved for alternative care-funded assisted living services;

(5) a person is found eligible for alternative care, but is not yet receiving alternative care services; or

(6) a person's fee under paragraph (a) is less than $25.

(c) The county agency must collect the premium from the client and forward the amounts collected to the commissioner in the manner and at the times prescribed by the commissioner. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county with the client's social security number at the time of application. If a client fails or refuses to pay the premium due, the county shall supply the commissioner with the client's social security number and other information the commissioner requires to collect the premium from the client. The commissioner shall collect unpaid premiums using the Revenue Recapture Act in chapter 270A and other methods available to the commissioner. The commissioner may require counties to inform clients of the collection procedures that may be used by the state if a premium is not paid.

(d) The commissioner shall begin to adopt emergency or permanent rules governing client premiums within 30 days after July 1, 1991, including criteria for determining when services to a client must be terminated due to failure to pay a premium.

Sec. 15. [256B.0918] [OLDER ADULT SERVICES PLANNING AND TRANSITION GRANTS AND LOANS.]

Subdivision 1. [DEFINITION.] "Eligible provider of older adult services" means a nursing home licensed under sections 144A.01 to 144A.16 and certified by an appropriate authority under United States Code, title 42, sections 1396-1396p, to participate as a vendor in the medical assistance program established under chapter 256B; a housing with services establishment registered under chapter 144D; a home care provider licensed under sections 144A.43 to 144A.48; or a housing project where 80 percent or more of the tenants are 55 or older.

Subd. 2. [GRANTS AND LOAN ELIGIBILITY.] (a) An eligible provider of older adult services may apply for a planning or transition grant under section 256B.0917 and loans under chapter 462A. Seniors agenda for independent living (SAIL) shall assist with planning and assessment at the request of the provider of older adult services.

(b) Planning grants may be used by an eligible provider of older adult services to develop a strategic plan that identifies the appropriate institutional and noninstitutional settings necessary to meet the long-term care needs of the community. Strategic plans may be developed in cooperation with the county public health and social services departments in which the project will be undertaken. At a minimum, a strategic plan must consist of:

(1) a needs assessment to determine what long-term care services are needed and desired by the community;

(2) an assessment of the appropriate settings in which to provide needed long-term care services;

(3) an assessment identifying currently available services and their settings in the community; and

(4) a transition plan to achieve the needed outcome identified by the assessments.

(c) Transition grants may be used by an eligible provider of older adult services to implement transition projects identified in a strategic plan. The eligible provider of older adult services, the community, or a combined contribution from both, must provide 20 percent of the total cost of the transition project when funded by grants.

(d) Eligible providers of older adult services may apply to the Minnesota Housing Finance Agency for financing to implement transition projects subject to the requirements of chapter 462A.

(e) Transition projects include, but are not limited to:

(1) converting nursing homes, or portions thereof, into housing with services establishments;

(2) adding on-site therapy services including converting a portion of the nursing home or housing with services establishment for that purpose;

(3) adding or expanding health-related or supportive services to an existing building serving seniors;

(4) preserving or renovating affordable senior housing, which may include necessary renovations or equipment upgrades;

(5) adding or expanding transportation services to a community to assist seniors in maintaining their independence; and

(6) offering a meals-on-wheels program in the community.

Sec. 16. Minnesota Statutes 1998, section 256B.431, subdivision 17, is amended to read:

Subd. 17. [SPECIAL PROVISIONS FOR MORATORIUM EXCEPTIONS.] (a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 3, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility that (1) has completed a construction project approved under section 144A.071, subdivision 4a, clause (m); (2) has completed a construction project approved under section 144A.071, subdivision 4a, and effective after June 30, 1995; or (3) has completed a renovation, replacement, or upgrading project approved under the moratorium exception process in section 144A.073 shall be reimbursed for costs directly identified to that project as provided in subdivision 16 and this subdivision.

(b) Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (1) and (3), and 7, item D, allowable interest expense on debt shall include:

(1) interest expense on debt related to the cost of purchasing or replacing depreciable equipment, excluding vehicles, not to exceed six percent of the total historical cost of the project; and

(2) interest expense on debt related to financing or refinancing costs, including costs related to points, loan origination fees, financing charges, legal fees, and title searches; and issuance costs including bond discounts, bond counsel, underwriter's counsel, corporate counsel, printing, and financial forecasts. Allowable debt related to items in this clause shall not exceed seven percent of the total historical cost of the project. To the extent these costs are financed, the straight-line amortization of the costs in this clause is not an allowable cost; and

(3) interest on debt incurred for the establishment of a debt reserve fund, net of the interest earned on the debt reserve fund.

(c) Debt incurred for costs under paragraph (b) is not subject to Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (5) or (6).

(d) The incremental increase in a nursing facility's rental rate, determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, resulting from the acquisition of allowable capital assets, and allowable debt and interest expense under this subdivision shall be added to its property-related payment rate and shall be effective on the first day of the month following the month in which the moratorium project was completed.

(e) Notwithstanding subdivision 3f, paragraph (a), for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the replacement-costs-new per bed limit to be used in Minnesota Rules, part 9549.0060, subpart 4, item B, for a nursing facility that has completed a renovation, replacement, or upgrading project that has been approved under the moratorium exception process in section 144A.073, or that has completed an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost exceeds the lesser of $150,000 or ten percent of the most recent appraised value, must be $47,500 per licensed bed in multiple-bed rooms and $71,250 per licensed bed in a single-bed room. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 1993.

(f) A nursing facility that completes a project identified in this subdivision and, as of April 17, 1992, has not been mailed a rate notice with a special appraisal for a completed project, or completes a project after April 17, 1992, but before September 1, 1992, may elect either to request a special reappraisal with the corresponding adjustment to the property-related payment rate under the laws in effect on June 30, 1992, or to submit their capital asset and debt information after that date and obtain the property-related payment rate adjustment under this section, but not both.

(g) For purposes of this paragraph, a total replacement means the complete replacement of the nursing facility's physical plant through the construction of a new physical plant or the transfer of the nursing facility's license from one physical plant location to another. For total replacement projects completed on or after July 1, 1992, the commissioner shall compute the incremental change in the nursing facility's rental per diem, for rate years beginning on or after July 1, 1995, by replacing its appraised value, including the historical capital asset costs, and the capital debt and interest costs with the new nursing facility's allowable capital asset costs and the related allowable capital debt and interest costs. If the new nursing facility has decreased its licensed capacity, the aggregate investment per bed limit in subdivision 3a, paragraph (d), shall apply. If the new nursing facility has retained a portion of the original physical plant for nursing facility usage, then a portion of the appraised value prior to the replacement must be retained and included in the calculation of the incremental change in the nursing facility's rental per diem. For purposes of this part, the original nursing facility means the nursing facility prior to the total replacement project. The portion of the appraised value to be retained shall be calculated according to clauses (1) to (3):

(1) The numerator of the allocation ratio shall be the square footage of the area in the original physical plant which is being retained for nursing facility usage.

(2) The denominator of the allocation ratio shall be the total square footage of the original nursing facility physical plant.

(3) Each component of the nursing facility's allowable appraised value prior to the total replacement project shall be multiplied by the allocation ratio developed by dividing clause (1) by clause (2).

In the case of either type of total replacement as authorized under section 144A.071 or 144A.073, the provisions of this subdivision shall also apply. For purposes of the moratorium exception authorized under section 144A.071, subdivision 4a, paragraph (s), if the total replacement involves the renovation and use of an existing health care facility physical plant, the new allowable capital asset costs and related debt and interest costs shall include first the allowable capital asset costs and related debt and interest costs of the renovation, to which shall be added the allowable capital asset costs of the existing physical plant prior to the renovation, and if reported by the facility, the related allowable capital debt and interest costs.

(h) Notwithstanding Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), for a total replacement, as defined in paragraph (g), authorized under section 144A.071 or section 144A.073 after July 1, 1999, the replacement-costs-new per bed limit shall be $74,280 per licensed bed in multiple-bed-rooms, $92,850 per licensed bed in semi-private rooms with a fixed partition separating the resident beds, and $111,420 per licensed bed in single rooms. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 2000.

Sec. 17. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 28. [CHANGES TO NURSING FACILITY REIMBURSEMENT BEGINNING JULY 1, 1999.] (a) For the rate years beginning July 1, 1999, and July 1, 2000, the commissioner shall increase the total payment rates as of June 30 of the same calendar year for nursing facilities reimbursed under this section by 4.75 percent for facilities located in geographic group one, 3.50 percent for facilities located in geographic group two, and 2.75 percent for facilities located in geographic group three. For those rate years, the commissioner shall not index the allowable operating cost per diems of these facilities by the inflation factor provided for in subdivision 26, paragraph (d), clause (1).

(b) For the rate year beginning July 1, 1999, nursing facilities with rates set according to section 256B.434 shall not receive increases according to this subdivision but shall receive inflation increases according to section 256B.434. For the rate year beginning July 1, 2000, the commissioner shall increase the total payment rates of nursing facilities with rates set according to section 256B.434 by 4.75 percent for facilities located in geographic group one, 3.50 percent for facilities located in geographic group two, and 2.75 percent for facilities located in geographic group three, and shall not provide these facilities with inflation increases according to section 256B.434.

(c) It is the intention of the legislature that the rate increases provided in this subdivision be used to increase the compensation packages of direct-care staff in nursing facilities, by the percentage specified in paragraph (a) or (b) that applies to the nursing facility.

Sec. 18. Minnesota Statutes 1998, section 256B.434, subdivision 3, is amended to read:

Subd. 3. [DURATION AND TERMINATION OF CONTRACTS.] (a) Subject to available resources, the commissioner may begin to execute contracts with nursing facilities November 1, 1995.

(b) All contracts entered into under this section are for a term of one year. Either party may terminate a contract at any time without cause by providing ~~30~~ 90 calendar days advance written notice to the other party. The decision to terminate a contract is not appealable. ~~If neither party provides written notice of termination the contract shall be renegotiated for additional one-year terms, for up to a total of four consecutive one-year terms~~ Notwithstanding section 16C.05, subdivision 2, paragraph (a), clause (5), the contract shall be renegotiated for additional one-year terms, unless either party provides written notice of termination. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(c) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, the contract payment remains in effect for the remainder of the rate year in which the contract was terminated, but in all other respects the provisions of this section do not apply to that facility effective the date the contract is terminated. The contract shall contain a provision governing the transition back to the cost-based reimbursement system established under section 256B.431, subdivision 25, and Minnesota Rules, parts 9549.0010 to 9549.0080. A contract entered into under this section may be amended by mutual agreement of the parties.

Sec. 19. Minnesota Statutes 1998, section 256B.434, subdivision 13, is amended to read:

Subd. 13. [PAYMENT SYSTEM REFORM ADVISORY COMMITTEE.] ~~(a)~~ The commissioner, in consultation with an advisory committee, shall study options for reforming the regulatory and reimbursement system for nursing facilities to reduce the level of regulation, reporting, and procedural requirements, and to provide greater flexibility and incentives to stimulate competition and innovation. The advisory committee shall include, at a minimum, representatives from the long-term care provider community, the department of health, and consumers of long-term care services. ~~The advisory committee sunsets on June 30, 1997.~~ Among other things, the commissioner shall consider the feasibility and desirability of changing from a certification requirement to an accreditation requirement for participation in the medical assistance program, options to encourage early discharge of short-term residents through the provision of intensive therapy, and further modifications needed in rate equalization. The commissioner shall also include detailed recommendations for a permanent managed care payment system to replace the contractual alternative payment demonstration project authorized under this section. The commissioner shall submit a report with findings and recommendations to the legislature by January 15, 1997.

~~(b) If a permanent managed care payment system has not been enacted into law by July 1, 1997, the commissioner shall develop and implement a transition plan to enable nursing facilities under contract with the commissioner under this section to revert to the cost-based payment system at the expiration of the alternative payment demonstration project. The commissioner shall include in the alternative payment demonstration project contracts entered into under this section a provision to permit an amendment to the contract to be made after July 1, 1997, governing the transition back to the cost-based payment system. The transition plan and contract amendments are not subject to rulemaking requirements.~~

Sec. 20. Minnesota Statutes 1998, section 256B.435, is amended to read:

256B.435 [NURSING FACILITY REIMBURSEMENT SYSTEM EFFECTIVE JULY 1, ~~2000~~ 2001.]

Subdivision 1. [IN GENERAL.] Effective July 1, ~~2000~~ 2001, the commissioner shall implement a performance-based contracting system to replace the current method of setting operating cost payment rates under sections 256B.431 and 256B.434 and Minnesota Rules, parts 9549.0010 to 9549.0080. Operating cost payment rates for newly established facilities under Minnesota Rules, part 9549.0057, shall be established using section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0070. A nursing facility in operation on May 1, 1998, with payment rates not established under section 256B.431 or 256B.434 on that date, is ineligible for this performance-based contracting system. In determining prospective payment rates of nursing facility services, the commissioner shall distinguish between operating costs and property-related costs. The commissioner of finance shall include an annual inflationary adjustment in operating costs for nursing facilities using the inflation factor specified in subdivision 3 and funding for incentive-based payments as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11. Property related payment rates, including real estate taxes and special assessments, shall be determined under section 256B.431 or 256B.434 or under a new property-related reimbursement system, if one is implemented by the commissioner under subdivision 3. The commissioner shall present additional recommendations for performance-based contracting for nursing facilities to the legislature by February 15, 2000, in the following specific areas:

(a) development of an interim default payment mechanism for nursing facilities that do not respond to the state's request for proposal but wish to continue participation in the medical assistance program; nursing facilities the state does not select in the request for proposal process; and nursing facilities whose contract has been canceled;

(b) development of criteria for facilities to earn performance-based incentive payments based on relevant outcomes negotiated by nursing facilities and the commissioner and that recognize both continuous quality efforts and quality improvement;

(c) development of criteria and a process under which nursing facilities can request rate adjustments for low base rates, geographic disparities, or other reasons;

(d) development of a dispute resolution mechanism for nursing facilities that are denied a contract, denied incentive payments, or denied a rate adjustment;

(e) development of a property payment system to address the capital needs of nursing facilities that will be funded with additional appropriations;

(f) establishment of a transitional plan to move from dual assessment instruments to the federally mandated resident assessment system, whereby the financial impact for each facility would be budget neutral;

(g) identification of net cost implications for facilities and to the department of preparing for and implementing performance-based contracting or any proposed alternative system;

(h) identification of facility financial and statistical reporting requirements; and

(i) identification of exemptions from current regulations and statutes applicable under performance-based contracting.

Subd. 1a. [REQUESTS FOR PROPOSALS.] (a) For nursing facilities with rates established under section 256B.434 on January 1, 2001, the commissioner shall renegotiate contracts without requiring a response to a request for proposal, notwithstanding the solicitation process described in chapter 16C.

(b) Prior to July 1, 2001, the commissioner shall publish in the State Register a request for proposals to provide nursing facility services according to this section. The commissioner will consider proposals from all nursing facilities that have payment rates established under section 256B.431. The commissioner must respond to all proposals in a timely manner.

(c) In issuing a request for proposals, the commissioner may develop reasonable requirements which, in the judgment of the commissioner, are necessary to protect residents or ensure that the performance-based contracting system furthers the interests of the state of Minnesota. The request for proposals may include, but need not be limited to:

(1) a requirement that nursing facility make reasonable efforts to maximize Medicare payments on behalf of eligible residents;

(2) requirements designed to prevent inappropriate or illegal discrimination against residents enrolled in the medical assistance program as compared to private paying residents;

(3) requirements designed to ensure that admissions to a nursing facility are appropriate and that reasonable efforts are made to place residents in home and community-based settings when appropriate;

(4) a requirement to agree to participate in the development of data collection systems and outcome-based standards. Among other requirements specified by the commissioner, each facility entering into a contract may be required to pay an annual fee not to exceed $1,000. The commissioner must use revenue generated from the fees to contract with a qualified consultant or contractor to develop data collection systems and outcome-based contracting standards;

(5) a requirement that Medicare-certified contractors agree to maintain Medicare cost reports and to submit them to the commissioner upon request, or at times specified by the commissioner; and that contractors that are not Medicare-certified agree to maintain a uniform cost report in a format established by the commissioner and to submit the report to the commissioner upon request, or at times specified by the commissioner;

(6) a requirement that demonstrates willingness and ability to develop and maintain data collection and retrieval systems to measure outcomes; and

(7) a requirement to provide all information and assurances required by the terms and conditions of the federal waiver or federal approval.

(d) In addition to the information and assurances contained in the submitted proposals, the commissioner may consider the following criteria in developing the terms of the contract:

(1) the facility's history of compliance with federal and state laws and rules. A facility deemed to be in substantial compliance with federal and state laws and rules is eligible to respond to a request for proposals. A facility's compliance history shall not be the sole determining factor in situations where the facility has been sold and the new owners have submitted a proposal;

(2) whether the facility has a record of excessive licensure fines or sanctions or fraudulent cost reports;

(3) the facility's financial history and solvency; and

(4) other factors identified by the commissioner deemed relevant to developing the terms of the contract, including a determination that a contract with a particular facility is not in the best interests of the residents of the facility or the state of Minnesota.

(e) Notwithstanding the requirements of the solicitation process described in chapter 16C, the commissioner may contract with nursing facilities established according to section 144A.073 without issuing a request for proposals.

(f) Notwithstanding subdivision 1, after July 1, 2001, the commissioner may contract with additional nursing facilities, according to requests for proposals.

Subd. 2. [CONTRACT PROVISIONS.] (a) The performance-based contract with each nursing facility must include provisions that:

(1) apply the resident case mix assessment provisions of Minnesota Rules, parts 9549.0051, 9549.0058, and 9549.0059, or another assessment system, with the goal of moving to a single assessment system;

(2) monitor resident outcomes through various methods, such as quality indicators based on the minimum data set and other utilization and performance measures;

(3) require the establishment and use of a continuous quality improvement process that integrates information from quality indicators and regular resident and family satisfaction interviews;

(4) require annual reporting of facility statistical information, including resident days by case mix category, productive nursing hours, wages and benefits, and raw food costs for use by the commissioner in the development of facility profiles that include trends in payment and service utilization;

(5) require from each nursing facility an annual certified audited financial statement consisting of a balance sheet, income and expense statements, and an opinion from either a licensed or certified public accountant, if a certified audit was prepared, or unaudited financial statements if no certified audit was prepared; and

(6) specify the method for resolving disputes;

(7) establish additional requirements ~~and penalties~~ for nursing facilities not meeting the standards set forth in the performance-based contract.

(b) The commissioner may develop additional incentive-based payments for achieving specified outcomes specified in each contract. The specified facility-specific outcomes must be measurable and approved by the commissioner.

(c) The commissioner may also contract with nursing facilities in other ways through requests for proposals, including contracts on a risk or nonrisk basis, with nursing facilities or consortia of nursing facilities, to provide comprehensive long-term care coverage on a premium or capitated basis.

(d) The commissioner may negotiate different contract terms for different nursing facilities.

Subd. 2a. [DURATION AND TERMINATION OF CONTRACTS.] (a) All contracts entered into under this section are for a term of one year. Either party may terminate this contract at any time without cause by providing 90 calendar days' advance written notice to the other party. Notwithstanding section 16C.05, subdivisions 2, paragraph (a), and 5, if neither party provides written notice of termination, the contract shall be renegotiated for additional one-year terms or the terms of the existing contract will be extended for one year. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(b) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, provisions of section 256B.48, subdivision 1a, shall apply.

Subd. 3. [PAYMENT RATE PROVISIONS.] (a) For rate years beginning on or after July 1, ~~2000~~ 2001, within the limits of appropriations specifically for this purpose, the commissioner shall determine operating cost payment rates for each licensed and certified nursing facility by indexing its operating cost payment rates in effect on June 30, ~~2000~~ 2001, for inflation. The inflation factor to be used must be based on the change in the Consumer Price Index-All Items, United States city average (CPI-U) as forecasted by Data Resources, Inc. in the fourth quarter preceding the rate year. The CPI-U forecasted index for operating cost payment rates shall be based on the 12-month

period from the midpoint of the nursing facility's prior rate year to the midpoint of the rate year for which the operating payment rate is being determined. The operating cost payment rate to be inflated shall be the total payment rate in effect on June 30, 2001, minus the portion determined to be the property-related payment rate, minus the per diem amount of the preadmission screening cost included in the nursing facility's last payment rate established under section 256B.431.

(b) ~~Beginning July 1, 2000, each nursing facility subject to a performance-based contract under this section shall choose one of two methods of payment for property-related costs:~~

~~(1) the method established in section 256B.434; or~~

~~(2) the method established in section 256B.431.~~

~~Once the nursing facility has made the election in this paragraph, that election shall remain in effect for at least four years or until an alternative property payment system is developed.~~ A per diem amount for preadmission screening will be added onto the contract payment rates according to the method of distribution of county allocation described in section 256B.0911, subdivision 6, paragraph (a).

(c) For rate years beginning on or after July 1, ~~2000~~ 2001, the commissioner may implement a new method of payment for property-related costs that addresses the capital needs of nursing facilities. ~~Notwithstanding paragraph (b),~~ The new property payment system or systems, if implemented, shall replace the current ~~method~~ methods of setting property payment rates under sections 256B.431 and 256B.434.

Subd. 4. [CONTRACT PAYMENT RATES; APPEALS.] If an appeal is pending concerning the cost-based payment rates that are the basis for the calculation of the payment rate under this section, the commissioner and the nursing facility may agree on an interim contract rate to be used until the appeal is resolved. When the appeal is resolved, the contract rate must be adjusted retroactively according to the appeal decision.

Subd. 5. [CONSUMER PROTECTION.] In addition to complying with all applicable laws regarding consumer protection, as a condition of entering into a contract under this section, a nursing facility must agree to:

(1) establish resident grievance procedures;

(2) establish expedited grievance procedures to resolve complaints made by short-stay residents; and

(3) make available to residents and families a copy of the performance-based contract and outcomes to be achieved.

Subd. 6. [CONTRACTS ARE VOLUNTARY.] Participation of nursing facilities in the medical assistance program is voluntary. The terms and procedures governing the performance-based contract are determined under this section and through negotiations between the commissioner and nursing facilities.

Subd. 7. [FEDERAL REQUIREMENTS.] The commissioner shall implement the performance-based contracting system subject to any required federal waivers or approval and in a manner that is consistent with federal requirements. If a provision of this section is inconsistent with a federal requirement, the federal requirement supersedes the inconsistent provision. The commissioner shall seek federal approval and request waivers as necessary to implement this section.

Sec. 21. Minnesota Statutes 1998, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing facility may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) ~~Requiring~~ (1) Charging, soliciting, accepting, or receiving from an applicant for admission to the facility, or ~~the guardian or conservator~~ from anyone acting in behalf of the applicant, as a condition of admission, ~~to pay~~ expediting the admission, or as a requirement for the individual's continued stay, any fee ~~or~~, deposit ~~in excess of $100~~, gift, money, donation, or other consideration not otherwise required as payment under the state plan. Nothing in this clause would prohibit discharge for nonpayment of services in accordance with state and federal regulations;

(2) requiring an individual, or anyone acting in behalf of the individual, to loan any money to the nursing facility~~, or~~;

(3) requiring an individual, or anyone acting in behalf of the individual, to promise to leave all or part of the ~~applicant's~~ individual's estate to the facility; or (4) requiring a third-party guarantee of payment to the facility as a condition of admission, expedited admission, or continued stay in the facility.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services chosen by the nursing facility.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance or refusal to purchase special services. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing facility care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

~~The prohibitions set forth in clause (b) shall not apply to a retirement facility with more than 325 beds including at least 150 licensed nursing facility beds and which:~~

~~(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and~~

~~(2) accounts for all of the applicant's assets which are required to be assigned to the facility so that only expenses for the cost of care of the applicant may be charged against the account; and~~

~~(3) agrees in writing at the time of admission to the facility to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and~~

~~(4) agrees in writing at the time of admission to the facility to permit the applicant to withdraw from the facility at any time and to receive, upon withdrawal, the balance of the applicant's individual account.~~

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 22. Minnesota Statutes 1998, section 256B.48, subdivision 1a, is amended to read:

Subd. 1a. [TERMINATION.] If a nursing facility terminates its participation in the medical assistance program, whether voluntarily or involuntarily, the commissioner may authorize the nursing facility to receive continued medical assistance reimbursement ~~only on a temporary basis~~ until medical assistance residents can be relocated to nursing facilities participating in the medical assistance program.

Sec. 23. Minnesota Statutes 1998, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing facility and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a, the commissioner may authorize continued medical assistance payments to a nursing facility which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing facility before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. Nursing facilities seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant. In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing facility under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing facility. ~~Between October 1, 1992, and July 1, 1993, a facility governed by this subdivision may elect to resume full participation in the medical assistance program by agreeing to comply with all of the requirements of the medical assistance program, including the rate equalization law in subdivision 1, paragraph (a), and all other requirements established in law or rule, and to resume intake of new medical assistance recipients.~~

Sec. 24. Minnesota Statutes 1998, section 256B.48, subdivision 6, is amended to read:

Subd. 6. [MEDICARE CERTIFICATION.] (a) [DEFINITION.] For purposes of this subdivision, "nursing facility" means a nursing facility that is certified as a skilled nursing facility or, after September 30, 1990, a nursing facility licensed under chapter 144A that is certified as a nursing facility.

(b) [MEDICARE PARTICIPATION REQUIRED.] All nursing facilities shall participate in Medicare part A and part B unless, after submitting an application, Medicare certification is denied by the federal health care financing administration. Medicare review shall be conducted at the time of the annual medical assistance review. Charges for Medicare-covered services provided to residents who are simultaneously eligible for medical assistance and Medicare must be billed to Medicare part A or part B before billing medical assistance. Medical assistance may be billed only for charges not reimbursed by Medicare. Within the limits of available appropriations, the commissioner shall approve a request for an exemption from Medicare certification if a nursing facility meets the following criteria:

(1) the facility has had at least six months' experience under the Medicare prospective payment system; and

(2) the facility can demonstrate losses under the Medicare prospective payment system that threaten the financial viability of the facility.

Facilities requesting an exemption from Medicare certification may request that they not be certified for Medicare for up to three years. The commissioner must respond within 30 days to a request for an exemption under this section.

(c) ~~[UNTIL SEPTEMBER 30, 1990.] Until September 30, 1990, a nursing facility satisfies the requirements of paragraph (b) if: (1) at least 50 percent of the facility's beds that are licensed under section 144A and certified as skilled nursing beds under the medical assistance program are Medicare certified; or (2) if a nursing facility's beds are licensed under section 144A, and some are medical assistance certified as skilled nursing beds and others are medical assistance certified as intermediate care facility I beds, at least 50 percent of the facility's total skilled nursing beds and intermediate care facility I beds or 100 percent of its skilled nursing beds, whichever is less, are Medicare certified.~~

~~(d)~~ [AFTER SEPTEMBER 30, 1990.] After September 30, 1990, a nursing facility satisfies the requirements of paragraph (b) if at least 50 percent of the facility's beds certified as nursing facility beds under the medical assistance program are Medicare certified.

~~(e)~~ (d) [CONFLICT WITH MEDICARE DISTINCT PART REQUIREMENTS.] At the request of a facility, the commissioner of human services may reduce the 50 percent Medicare participation requirement in paragraphs (c) and (d) to no less than 20 percent if the commissioner of health determines that, due to the facility's physical plant configuration, the facility cannot satisfy Medicare distinct part requirements at the 50 percent certification level. To receive a reduction in the participation requirement, a facility must demonstrate that the reduction will not adversely affect access of Medicare-eligible residents to Medicare-certified beds.

~~(f)~~ (e) [INSTITUTIONS FOR MENTAL DISEASE.] The commissioner may grant exceptions to the requirements of paragraph (b) for nursing facilities that are designated as institutions for mental disease.

~~(g)~~ (f) [NOTICE OF RIGHTS.] The commissioner shall inform recipients of their rights under this subdivision and section 144.651, subdivision 29.

Sec. 25. Minnesota Statutes 1998, section 256B.50, subdivision 1e, is amended to read:

Subd. 1e. [ATTORNEY'S FEES AND COSTS.] (a) Notwithstanding section 15.472, paragraph (a), for an issue appealed under subdivision 1, the prevailing party in a contested case proceeding or, if appealed, in subsequent judicial review, must be awarded reasonable attorney's fees and costs incurred in litigating the appeal, if the prevailing party shows that the position of the opposing party was not substantially justified. The procedures for awarding fees and costs set forth in section 15.474 must be followed in determining the prevailing party's fees and costs except as otherwise provided in this subdivision. For purposes of this subdivision, "costs" means subpoena fees and mileage, transcript costs, court reporter fees, witness fees, postage and delivery costs, photocopying and printing costs, amounts charged the commissioner by the office of administrative hearings, and direct administrative costs of the department; and "substantially justified" means that a position had a reasonable basis in law and fact, based on the totality of the circumstances prior to and during the contested case proceeding and subsequent review.

(b) When an award is made to the department under this subdivision, attorney fees must be calculated at the cost to the department. When an award is made to a provider under this subdivision, attorney fees must be calculated at the rate charged to the provider except that attorney fees awarded must be the lesser of the attorney's normal hourly fee or $100 per hour.

(c) In contested case proceedings involving more than one issue, the administrative law judge shall determine what portion of each party's attorney fees and costs is related to the issue or issues on which it prevailed and for which it is entitled to an award. In making that determination, the administrative law judge shall consider the amount of time spent on each issue, the precedential value of the issue, the complexity of the issue, and other factors deemed appropriate by the administrative law judge.

(d) When the department prevails on an issue involving more than one provider, the administrative law judge shall allocate the total amount of any award for attorney fees and costs among the providers. In determining the allocation, the administrative law judge shall consider each provider's monetary interest in the issue and other factors deemed appropriate by the administrative law judge.

(e) Attorney fees and costs awarded to the department for proceedings under this subdivision must not be reported or treated as allowable costs on the provider's cost report.

(f) Fees and costs awarded to a provider for proceedings under this subdivision must be reimbursed to them ~~by reporting the amount of fees and costs awarded as allowable costs on the provider's cost report for the reporting year in which they were awarded. Fees and costs reported pursuant to this subdivision must be included in the general and administrative cost category but are not subject to categorical or overall cost limitations established in rule or statute~~ within 120 days of the final decision on the award of attorney fees and costs.

(g) If the provider fails to pay the awarded attorney fees and costs within 120 days of the final decision on the award of attorney fees and costs, the department may collect the amount due through any method available to it for the collection of medical assistance overpayments to providers. Interest charges must be assessed on balances outstanding after 120 days of the final decision on the award of attorney fees and costs. The annual interest rate charged must be the rate charged by the commissioner of revenue for late payment of taxes that is in effect on the 121st day after the final decision on the award of attorney fees and costs.

(h) Amounts collected by the commissioner pursuant to this subdivision must be deemed to be recoveries pursuant to section 256.01, subdivision 2, clause (15).

(i) This subdivision applies to all contested case proceedings set on for hearing by the commissioner on or after April 29, 1988, regardless of the date the appeal was filed.

Sec. 26. Minnesota Statutes 1998, section 256B.501, is amended by adding a subdivision to read:

Subd. 13. [CHANGES TO ICF/MR REIMBURSEMENT BEGINNING OCTOBER 1, 1999.] (a) For the rate years beginning October 1, 1999, and October 1, 2000, the commissioner shall increase the allowable operating cost per diems of ICFs/MR subject to reimbursement under this section or Laws 1993, First Special Session chapter 1, article 4, section 11, by three percent, and shall not provide these facilities with inflation increases under subdivision 3c, clause (1), Laws 1993, First Special Session chapter 1, article 4, section 11, or section 256B.5012.

(b) It is the intention of the legislature that the compensation packages of direct-care staff in ICFs/MR be increased by three percent for each rate year.

Sec. 27. Minnesota Statutes 1998, section 256B.5011, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] Effective October 1, 2000, the commissioner shall implement a ~~performance-based~~ contracting system to replace the current method of setting total cost payment rates under section 256B.501 and Minnesota Rules, parts 9553.0010 to 9553.0080. In determining prospective payment rates of intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall index each facility's ~~total~~ operating payment rate by an inflation factor as described in ~~subdivision 3~~ section 256B.5012. The commissioner of finance shall include annual inflation adjustments in operating costs for intermediate care facilities for persons with mental retardation and related conditions as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 28. Minnesota Statutes 1998, section 256B.5011, subdivision 2, is amended to read:

Subd. 2. [CONTRACT PROVISIONS.] (a) The ~~performance-based~~ service contract with each intermediate care facility must include provisions for:

(1) modifying payments when significant changes occur in the needs of the consumers;

(2) ~~monitoring service quality using performance indicators that measure consumer outcomes;~~

~~(3)~~ the establishment and use of continuous quality improvement processes using the results attained through service quality monitoring;

~~(4) the annual reporting of facility statistical information on all supervisory personnel, direct care personnel, specialized support personnel, hours, wages and benefits, staff-to-consumer ratios, and staffing patterns~~

(3) appropriate and necessary statistical information required by the commissioner;

~~(5)~~ (4) annual aggregate facility financial information ~~or an annual certified audited financial statement, including a balance sheet and income and expense statements for each facility, if a certified audit was prepared~~; and

~~(6)~~ (5) additional requirements ~~and penalties~~ for intermediate care facilities not meeting the standards set forth in the ~~performance-based~~ service contract.

(b) The commissioner shall recommend to the legislature by January 15, 2000, whether the contract should include service quality monitoring that may utilize performance indicators that measure consumer and program outcomes. Performance measurement shall not increase or duplicate regulatory requirements.

Sec. 29. [256B.5012] [ICF/MR PAYMENT SYSTEM IMPLEMENTATION.]

Subdivision 1. [TOTAL PAYMENT RATE.] The total payment rate effective October 1, 2000, for existing ICF/MR facilities is the total of the operating payment rate and the property payment rate plus inflation factors as defined in this section. The initial rate year shall run from October 1, 2000, through December 31, 2001. Subsequent rate years shall run from January 1 through December 31 beginning in the year 2002.

Subd. 2. [OPERATING PAYMENT RATE.] (a) The operating payment rate equals the facility's total payment rate in effect on September 30, 2000, minus the property rate. The operating payment rate includes the special operating rate and the efficiency incentive in effect as of September 30, 2000. The operating payment shall be increased for each rate year by the annual percentage change in the Consumer Price Index-All Items (United States City Average) (CPI-U), as forecasted by Data Resources, Inc., in the second quarter of the calendar year preceding the start of each rate year. In the case of the initial rate year beginning October 1, 2000, and continuing through December 31, 2001, the percentage change shall be based on the percentage change in the CPI-U for the 15-month period beginning October 1, 2000, as forecast by Data Resources, Inc., in the first quarter of 2000.

(b) Effective October 1, 2000, the operating payment rate shall be adjusted to reflect an occupancy rate equal to 100 percent of the facility's capacity days as of September 30, 2000.

Subd. 3. [PROPERTY PAYMENT RATE.] (a) The property payment rate effective October 1, 2000, is based on the facility's property payment rate in effect on September 30, 2000. Effective October 1, 2000, a facility minimum property rate of $8.13 shall be applied to all existing ICF/MR facilities. Facilities with a property payment rate effective September 30, 2000, which is below the minimum property rate shall receive an increase effective October 1, 2000, equal to the difference between the minimum property payment rate and the property payment rate in effect as of September 30, 2000. Facilities with a property payment rate at or above the minimum property payment rate effective September 30, 2000, shall have no change in their property payment rate effective October 1, 2000.

(b) Facility property payment rates shall be increased annually for inflation, effective January 1, 2002. The increase shall be based on each facility's property payment rate in effect on September 30, 2000. Property payment rates effective September 30, 2000, shall be arrayed from highest to lowest before applying the minimum property payment rate in paragraph (a). For property payment rates at the 90th percentile or above, the annual inflation increase shall be zero. For property payment rates below the 90th percentile but equal to or above the 75th percentile, the annual inflation increase shall be one percent. For property payment rates below the 75th percentile, the annual inflation increase shall be two percent.

Sec. 30. [256B.5013] [PAYMENT RATE ADJUSTMENTS.]

Subdivision 1. [VARIABLE RATE ADJUSTMENTS.] When there is a documented increase in the resource needs of a current ICF/MR recipient or recipients, or a person is admitted to a facility who requires additional resources, the county of financial responsibility may approve an enhanced rate for one or more persons in the facility. Resource needs directly attributable to an individual that may be considered under the variable rate adjustment include increased direct staff hours and other specialized services, equipment, and human resources. The guidelines in paragraphs (a) to (d) apply for the payment rate adjustments under this section.

(a) All persons must be screened according to section 256B.092, subdivisions 7 and 8, prior to implementation of the new payment system and annually thereafter. Screening data shall be analyzed to develop broad profiles of the functional characteristics of recipients. Three components shall be used to distinguish recipients based on the following broad profiles:

(1) functional ability to care for and maintain one's own basic needs;

(2) the intensity of any aggressive or destructive behavior; and

(3) any history of obstructive behavior in combination with a diagnosis of psychosis or neurosis.

The profile groups shall be used to link resource needs to funding. The resource profile shall determine the level of funding that may be authorized by the county. The county of financial responsibility may approve a rate adjustment for an individual. The commissioner shall recommend to the legislature by January 15, 2000, a methodology using the profile groups to determine variable rates. The variable rate must be applied to expenses related to increased direct staff hours and other specialized services, equipment, and human resources. This variable rate component plus the facility's current operating payment rate equals the individual's total operating payment rate.

(b) A recipient must be screened by the county of financial responsibility using the developmental disabilities screening document completed immediately prior to approval of a variable rate by the county. A comparison of the updated screening and the previous screening must demonstrate an increase in resource needs.

(c) Rate adjustments projected to exceed the authorized funding level associated with the person's profile must be submitted to the commissioner.

(d) The new rate approved through this process shall not be averaged across all persons living at a facility but shall be an individual rate. The county of financial responsibility must indicate the projected length of time that the additional funding may be needed by the individual. The need to continue an individual variable rate must be reviewed at the end of the anticipated duration of need but at least annually through the completion of the developmental disabilities screening document.

Subd. 2. [OTHER PAYMENT RATE ADJUSTMENTS.] Facility total payment rates may be adjusted by the host county, with authorization from a statewide advisory committee, if, through the local system needs planning process, it is determined that a need exists to amend the package of purchased services with a resulting increase or decrease in costs. Except as provided in section 252.292, subdivision 4, if a provider demonstrates that the loss of revenues caused by the downsizing or closure of a facility cannot be absorbed by the facility based on current operations, the host county or the provider may submit a request to the statewide advisory committee for a facility base rate adjustment.

Subd. 3. [RELOCATION.] (a) Property rates for all facilities relocated after December 31, 1997, and up to and including October 1, 2000, shall have the full annual costs of relocation included in their October 1, 2000, property rate. The property rate for the relocated home is subject to the costs that were allowable under Minnesota Rules, chapter 9553, and the investment per bed limitation for newly constructed or newly established class B facilities.

(b) In ensuing years, all relocated homes shall be subject to the investment per bed limit for newly constructed or newly established class B facilities under section 256B.501, subdivision 11. The limits shall be adjusted on January 1 of each year by the percentage increase in the construction index published by the Bureau of Economic Analysis of the United States Department of Commerce in the Survey of Current Business Statistics in October of the previous two years. Facilities that are relocated within the investment per bed limit may be approved by the statewide advisory committee. Costs for relocation of a facility that exceed the investment per bed limit must be absorbed by the facility.

(c) The payment rate shall take effect when the new facility is licensed and certified by the commissioner of health. Rates for facilities that are relocated after December 31, 1997, through October 1, 2000, shall be adjusted to reflect the full inclusion of the relocation costs, subject to the investment per bed limit in paragraph (b). The investment per bed limit calculated rate for the year in which the facility was relocated shall be the investment per bed limit used.

Subd. 4. [TEMPORARY RATE ADJUSTMENTS TO ADDRESS OCCUPANCY AND ACCESS.] If a facility is operating at less than 100 percent occupancy on September 30, 2000, or if a recipient is discharged from a facility, the commissioner shall adjust the total payment rate for up to 90 days for the remaining recipients. This mechanism shall not be used to pay for hospital or therapeutic leave days beyond the maximums allowed. Facility payment adjustments exceeding 90 days to address a demonstrated need for access must be submitted to the statewide advisory committee with a local system needs assessment, plan, and budget for review and recommendation.

Sec. 31. [256B.5014] [FINANCIAL REPORTING.]

All facilities shall maintain financial records and shall provide annual income and expense reports to the commissioner of human services on a form prescribed by the commissioner no later than April 30 of each year in order to receive medical assistance payments. The reports for the reporting year ending December 31 must include:

(1) salaries and related expenses, including program salaries, administrative salaries, other salaries, payroll taxes, and fringe benefits;

(2) general operating expenses, including supplies, training, repairs, purchased services and consultants, utilities, food, licenses and fees, real estate taxes, insurance, and working capital interest;

(3) property related costs, including depreciation, capital debt interest, rent, and leases; and

(4) total annual resident days.

Sec. 32. [256B.5015] [PASS-THROUGH OF TRAINING AND HABILITATION SERVICES COSTS.]

Training and habilitation services costs shall be paid as a pass-through payment at the lowest rate paid for the comparable services at that site under sections 252.40 to 252.46. The pass-through payments for training and habilitation services shall be paid separately by the commissioner and shall not be included in the computation of the total payment rate.

Sec. 33. Minnesota Statutes 1998, section 256B.69, subdivision 6a, is amended to read:

Subd. 6a. [NURSING HOME SERVICES.] (a) Notwithstanding Minnesota Rules, part 9500.1457, subpart 1, item B, up to 90 days of nursing facility services as defined in section 256B.0625, subdivision 2, which are provided in a nursing facility certified by the Minnesota department of health for services provided and eligible for payment under Medicaid, shall be covered under the prepaid medical assistance program for individuals who are not residing in a nursing facility at the time of enrollment in the prepaid medical assistance program. ~~Liability for coverage of nursing facility services by a participating health plan is limited to 365 days for any person enrolled under the prepaid medical assistance program.~~

(b) For individuals enrolled in the Minnesota senior health options project authorized under subdivision 23, nursing facility services shall be covered according to the terms and conditions of the federal waiver governing that demonstration project.

Sec. 34. Minnesota Statutes 1998, section 256B.69, subdivision 6b, is amended to read:

Subd. 6b. [ELDERLY WAIVER SERVICES.] ~~Notwithstanding Minnesota Rules, part 9500.1457, subpart 1, item C, elderly waiver services shall be covered under the prepaid medical assistance program for all individuals who are eligible according to section 256B.0915.~~ For individuals enrolled in the Minnesota senior health options project authorized under subdivision 23, elderly waiver services shall be covered according to the terms and conditions of the federal waiver governing that demonstration project.

Sec. 35. Minnesota Statutes 1998, section 256I.04, subdivision 3, is amended to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF GROUP RESIDENTIAL HOUSING BEDS.] (a) County agencies shall not enter into agreements for new group residential housing beds with total rates in excess of the MSA equivalent rate except: (1) for group residential housing establishments meeting the requirements of subdivision 2a, clause (2) with department approval; (2) for group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (3) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; (4) up to 80 beds in a single, specialized

facility located in Hennepin county that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the housing finance agency under section 462A.05, subdivision 20a, paragraph (b); ~~or~~ (5) notwithstanding the provisions of subdivision 2a, for up to 190 supportive housing units in Anoka, Dakota, Hennepin, or Ramsey county for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be or, within the previous six months, has been discharged from a regional treatment center, or a state-contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program. If a person meets the requirements of subdivision 1, paragraph (a), and receives a federal or state housing subsidy, the group residential housing rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a, and is determined by subtracting the amount of the person's countable income that exceeds the MSA equivalent rate from the group residential housing supplementary rate. A resident in a demonstration project site who no longer participates in the demonstration program shall retain eligibility for a group residential housing payment in an amount determined under section 256I.06, subdivision 8, using the MSA equivalent rate. Service funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching funds are available and the services can be provided through a managed care entity. If federal matching funds are not available, then service funding will continue under section 256I.05, subdivision 1a~~.~~; or (6) for group residential housing beds in settings meeting the requirements of subdivision 2, paragraph (a), clause (3), which are used exclusively for recipients receiving home and community-based waiver services under sections 256B.0915, 256B.092, subdivision 5, 256B.093, and 256B.49, and who resided in a nursing facility for the six months immediately prior to the month of entry into the group residential housing setting. The group residential housing rate for these beds must be set so that the monthly group residential housing payment for an individual occupying the bed when combined with the nonfederal share of services delivered under the waiver for that person does not exceed the nonfederal share of the monthly medical assistance payment made for the person to the nursing facility in which the person resided prior to entry into the group residential housing establishment. The rate may not exceed the MSA equivalent rate plus $426.37 for any case.

(b) A county agency may enter into a group residential housing agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The transfer of available beds from one county to another can only occur by the agreement of both counties.

Sec. 36. Minnesota Statutes 1998, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. [MAXIMUM RATES.] Monthly room and board rates negotiated by a county agency for a recipient living in group residential housing must not exceed the MSA equivalent rate specified under section 256I.03, subdivision 5, with the exception that a county agency may negotiate a supplementary room and board rate that exceeds the MSA equivalent rate ~~by up to $426.37~~ for recipients of waiver services under title XIX of the Social Security Act. This exception is subject to the following conditions:

(1) ~~that the Secretary of Health and Human Services has not approved a state request to include room and board costs which exceed the MSA equivalent rate in an individual's set of waiver services under title XIX of the Social Security Act; or~~

~~(2) that the Secretary of Health and Human Services has approved the inclusion of room and board costs which exceed the MSA equivalent rate, but in an amount that is insufficient to cover costs which are included in a group residential housing agreement in effect on June 30, 1994; and~~

~~(3) the amount of the rate that is above the MSA equivalent rate has been approved by the commissioner~~ the setting is licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265;

(2) the setting is not the primary residence of the license holder and in which the license holder is not the primary caregiver; and

(3) the average supplementary room and board rate in a county for a calendar year may not exceed the average supplementary room and board rate for that county in effect on January 1, 2000. If a county has not negotiated supplementary room and board rates for any facilities located in the county as of January 1, 2000, or has an average supplemental room and board rate under $100 per person as of January 1, 2000, it may submit a supplementary room and board rate request with budget information for a facility to the commissioner for approval.

The county agency may at any time negotiate a higher or lower room and board rate than the average supplementary room and board rate ~~that would otherwise be paid under this subdivision~~.

Sec. 37. Minnesota Statutes 1998, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. [SUPPLEMENTARY SERVICE RATES.] (a) Subject to the provisions of section 256I.04, subdivision 3, in addition to the room and board rate specified in subdivision 1, the county agency may negotiate a payment not to exceed $426.37 for other services necessary to provide room and board provided by the group residence if the residence is licensed by or registered by the department of health, or licensed by the department of human services to provide services in addition to room and board, and if the provider of services is not also concurrently receiving funding for services for a recipient under a home and community-based waiver under title XIX of the Social Security Act; or funding from the medical assistance program under section 256B.0627, subdivision 4, for personal care services for residents in the setting; or residing in a setting which receives funding under Minnesota Rules, parts 9535.2000 to 9535.3000. If funding is available for other necessary services through a home and community-based waiver, or personal care services under section 256B.0627, subdivision 4, then the GRH rate is limited to the rate set in subdivision 1. Unless otherwise provided in law, in no case may the supplementary service rate plus the supplementary room and board rate exceed $426.37. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds. The commissioner shall pursue the feasibility of obtaining the approval of the Secretary of Health and Human Services to provide home and community-based waiver services under title XIX of the Social Security Act for residents who are not eligible for an existing home and community-based waiver due to a primary diagnosis of mental illness or chemical dependency and shall apply for a waiver if it is determined to be cost-effective.

(b) The commissioner is authorized to make cost-neutral transfers from the GRH fund for beds under this section to other funding programs administered by the department after consultation with the county or counties in which the affected beds are located. The commissioner may also make cost-neutral transfers from the GRH fund to county human service agencies for beds permanently removed from the GRH census under a plan submitted by the county agency and approved by the commissioner. The commissioner shall report the amount of any transfers under this provision annually to the legislature.

(c) The provisions of paragraph (b) do not apply to a facility that has its reimbursement rate established under section 256B.431, subdivision 4, paragraph (c).

Sec. 38. Minnesota Statutes 1998, section 256I.05, is amended by adding a subdivision to read:

Subd. 1e. [SUPPLEMENTARY RATE FOR CERTAIN FACILITIES.] Notwithstanding the provisions of subdivisions 1a and 1c, beginning July 1, 1999, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, up to the amount specified in subdivision 1a, for a group residential housing provider that:

(1) is located in Hennepin county and has had a group residential housing contract with the county since June 1996;

(2) operates in three separate locations a 56-bed facility, a 40-bed facility, and a 30-bed facility; and

(3) serves a chemically dependent clientele, providing 24 hours per day supervision and limiting a resident's maximum length of stay to 13 months out of a consecutive 24-month period.

Sec. 39. Laws 1995, chapter 207, article 3, section 21, is amended to read:

Sec. 21. [FACILITY CERTIFICATION.]

Notwithstanding Minnesota Statutes, section 252.291, subdivisions 1 and 2, the commissioner of health shall inspect to certify a large community-based facility currently licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, for more than 16 beds and located in Northfield. The facility may be certified for up to 44 beds. The commissioner of health must inspect to certify the facility as soon as possible after the effective date of this section. The commissioner of human services shall work with the facility and affected counties to relocate any current residents of the facility who do not meet the admission criteria for an ICF/MR. Until January 1, 1999, in order to fund the ICF/MR services and relocations of current residents authorized, the commissioner of human services may transfer on a quarterly basis to the medical assistance account from each affected county's community social service allocation, an amount equal to the state share of medical assistance reimbursement for the residential and day habilitation services funded by medical assistance and provided to clients for whom the county is financially responsible. After January 1, 1999, the commissioner of human services shall fund the services under the state medical assistance program and may transfer on a quarterly basis to the medical assistance account from each affected county's community social service allocation, an amount equal to one-half of the state share of medical assistance reimbursement for the residential and day habilitation services funded by medical assistance and provided to clients for whom the county is financially responsible. For nonresidents of Minnesota seeking admission to the facility, Rice county shall be notified in order to assure that appropriate funding is guaranteed from their state or country of residence.

Sec. 40. [DEADLINE EXTENSION.]

Notwithstanding Minnesota Statutes, section 144A.073, subdivision 3, the commissioner of health shall extend approval to May 31, 2000, for a total replacement of a 96-bed nursing home located in Carlton county previously approved under Minnesota Statutes, section 144A.073.

Sec. 41. [ICF/MR REIMBURSEMENT EFFECTIVE OCTOBER 1, 1999.]

(a) For the rate year beginning October 1, 1999, the commissioner of human services shall exempt an intermediate care facility for persons with mental retardation from reductions to the payment rates under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (6), if the facility:

(1) has had a settle-up payment rate established in the reporting year preceding the rate year for the one-time rate adjustment;

(2) is a newly established facility;

(3) is an A to B conversion that has been converted under Minnesota Statutes, section 252.292, since rate year 1990;

(4) has a payment rate subject to a community conversion project under Minnesota Statutes, section 252.292;

(5) has a payment rate established under Minnesota Statutes, section 245A.12 or 245A.13; or

(6) is a facility created by the relocation of more than 25 percent of the capacity of a related facility during the reporting year.

(b) Notwithstanding any contrary provision in Minnesota Statutes, section 256B.501, for the rate year beginning October 1, 1999, the commissioner of human services shall, for purposes of the spend-up limit, array facilities within each grouping established under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (4), by each facility's cost per resident day. A facility's cost per resident day shall be determined by dividing its allowable historical general operating cost for the reporting year by the facility's resident days for the reporting year. Facilities with a cost per resident day at or above the median shall be limited to the lesser of:

(1) the current reporting year's cost per resident day; or

(2) the prior report year's cost per resident day plus the inflation factor established under Minnesota Statutes, section 256B.501, subdivision 3c, clause (2), increased by three percentage points. In no case shall the amount of this reduction exceed: (i) three percent for a facility with a licensed capacity greater than 16 beds; (ii) two percent for a facility with a licensed capacity of nine to 16 beds; and (iii) one percent for a facility with a licensed capacity of eight or fewer beds.

(c) The commissioner shall not apply the limits established under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (8), for the rate year beginning October 1, 1999.

(d) Notwithstanding paragraphs (b) and (c), the commissioner must utilize facility payment rates based on the laws in effect for October 1, 1998, payment rates and use the resulting allowable operating cost per diems as the basis for the spend-up limits for the rate year beginning October 1, 1999.

Sec. 42. [IMMEDIATE JEOPARDY FINES.]

(a) The commissioner of health shall implement this section using existing budget resources of the Minnesota department of health.

(b) The commissioner of health shall reimburse the following nursing facilities for fines paid by the facility as a result of immediate jeopardy citations issued by the commissioner from April 1, 1998, through February 3, 1999: Burr Oak Manor in Austin, MN for $70,525; Fairview Nursing Home in Dodge Center, MN for $21,550; Madison Lutheran Home in Madison, MN for $13,650; Maplewood Care Center in Maplewood, MN for $29,770; and St. Francis Home in Breckenridge, MN for $7,442.50.

(c) The commissioner of health shall pay the Health Care Financing Administration (HCFA) directly for fines resulting from immediate jeopardy citations issued by the commissioner from April 1, 1998, through February 3, 1999 to the following facilities: Arnold Memorial Health Care in Adrian, MN for $26,650; Colonial Manor in Balatin, MN for $10,790; the Lutheran Home in Caledonia, MN for $127,450; Nopeming Nursing Home in Duluth, MN for $28,250; Samaritan Bethany on 8th in Rochester, MN for $43,350; Shakopee Friendship Village in Shakopee, MN for $22,250; Stillwater Good Samaritan in Stillwater, MN for $22,500; Trevilla of Golden Valley in Golden Valley, MN for $15,665; and Walker Methodist Health Care in Minneapolis, MN for $39,000. If a facility listed in this paragraph pays the immediate jeopardy fine to the HCFA prior to the effective date of this provision, the commissioner of health shall directly reimburse the facility for the amount of the fine paid. A facility listed in this paragraph that has appealed their fine may request that the commissioner of health delay payment to the HCFA, until the appeal is decided.

(d) The commissioner of health shall reimburse Stewartville Care Center in Stewartville, MN for any loss of revenue resulting from a denial of payment for new admissions, if this remedy is imposed by the HCFA as a result of findings from the surveys by the Minnesota department of health on January 11 and 12, 1999.

(e) If the fine amounts listed in paragraphs (b) or (c) are adjusted by the HCFA, the commissioner shall reimburse the facility or pay the HCFA the adjusted fine amount.

(Effective Date: Section 42 (immediate jeopardy fines) is effective the day following final enactment.)

Sec. 43. [ICF/MR SERVICE RECONFIGURATION PROJECT.]

(a) The commissioner of human services may authorize a project to reconfigure two existing intermediate care facilities for persons with mental retardation or related conditions (ICFs/MR) located on the same campus in Carver county and totaling 60 licensed beds in one 46-bed facility and one 14-bed facility. The reconfiguration project will involve the relocation of up to six beds to a six-bed ICF/MR. The remaining two ICFs/MR shall consist of one 34-bed ICF/MR and one ten-bed ICF/MR.

(b) The project shall include the development of alternative home and community-based services for individuals relocated from the existing facilities. In conjunction with this project, two beds in the 34-bed facility shall be reserved for temporary care services for individuals receiving alternative home and community-based services. The ICF/MR may seek county approval to modify its need determinations in order to serve fewer clients, or to provide additional beds for temporary care services.

(c) The project must be approved by the commissioner under Minnesota Statutes, section 252.28, and must include criteria for determining how individuals are selected for alternative services and the use of a request for proposal process in selecting vendors for the alternative services. The commissioner is authorized to develop the two additional beds required, and set aside waivered service slots as needed for individuals choosing alternative home and community-based services.

(d) Upon approval of the project, the following additional conditions shall apply to rate setting:

(1) the two existing facilities' aggregate investment-per-bed limits in effect before the downsizing shall be the investment-per-bed limit after the downsizing;

(2) the ten-bed and the 34-bed facilities shall be eligible for a one-time rate adjustment to be negotiated with the commissioner taking into consideration estimated excess revenues available from the six-bed facility;

(3) the relocated six-bed facility shall receive the payment rates established for the former 46-bed facility until each facility files a cost report for a period of five months or longer ending on December 31 following their opening and those reports are desk audited by the commissioner. The two remaining facilities shall file their regularly scheduled annual cost reports;

(4) all facilities are exempt from the spend-up and high cost limits in Minnesota Statutes, section 256B.501, subdivision 5b, for the rate year following the first cost report submitted under clause (3); and

(5) the maintenance limit for the 34-bed facility shall be established using the methodology in Minnesota Statutes, section 256B.501, subdivision 5d. The maintenance limit for the ten-bed facility shall be adjusted by the same ratio used to adjust the 34-bed facility's maintenance limit.

Sec. 44. [GROUP RESIDENTIAL HOUSING STUDY.]

The commissioner of human services shall submit to the legislature by November 1, 2000, a study of the cost of providing housing for individuals eligible for group residential housing payments and an analysis of the relationship of the costs to market rate housing costs in a representative number of regions in the state.

Sec. 45. [STATE LICENSURE CONFLICTS WITH FEDERAL REGULATIONS.]

Notwithstanding the provisions of Minnesota Rules, part 4658.0520, an incontinent resident must be checked according to a specific time interval written in the resident's care plan.

(Effective Date: Section 45 (state licensure conflicts with federal regulations) is effective the day following final enactment.)

Sec. 46. [REPEALER.]

(a) Minnesota Statutes 1998, sections 144.0723; and 256B.5011, subdivision 3, are repealed.

(b) Minnesota Statutes 1998, section 256B.501, subdivision 3g, is repealed effective October 1, 2000.

(c) Minnesota Statutes 1998, section 256B.434, subdivision 17, is repealed effective July 1, 1999.

(d) Minnesota Statutes 1998, section 144A.33, is repealed effective July 1, 2000.

Sec. 47. [EFFECTIVE DATE.]

When preparing the health and human services conference committee report for adoption by the legislature, the revisor shall combine all the bracketed effective date notations into this effective date section.

ARTICLE 4

HEALTH CARE PROGRAMS

Section 1. Minnesota Statutes 1998, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

Sec. 2. Minnesota Statutes 1998, section 125A.08, is amended to read:

125A.08 [SCHOOL DISTRICT OBLIGATIONS.]

(a) As defined in this section, to the extent required by federal law as of July 1, ~~1999~~ 2000, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan must address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(b) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

(Effective Date: Section 2 (125A.08) is effective July 1, 2000.)

Sec. 3. Minnesota Statutes 1998, section 125A.21, subdivision 1, is amended to read:

Subdivision 1. [OBLIGATION TO PAY.] Nothing in sections 125A.03 to 125A.24 and 125A.65 relieves an insurer or similar third party from an otherwise valid obligation to pay, or changes the validity of an obligation to pay, for services rendered to a child with a disability, and the child's family. A school district shall pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26. Eligible expenditures must not be made from federal funds or funds used to match other federal funds. Any federal disallowances are the responsibility of the school district. A school district may pay or reimburse copayments, coinsurance, deductibles, and other enrollee cost-sharing amounts, on behalf of the student or family, in connection with health and related services provided under an individual educational plan.

(Effective Date: Section 3 (125A.21, subdivision 1) is effective July 1, 2000.)

Sec. 4. Minnesota Statutes 1998, section 125A.74, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A district may enroll as a provider in the medical assistance program and receive medical assistance payments for covered special education services provided to persons eligible for medical assistance under chapter 256B. To receive medical assistance payments, the district must pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26, and comply with relevant provisions of state and federal statutes and regulations governing the medical assistance program.

(Effective Date: Section 4 (125A.74, subdivision 1) is effective July 1, 2000.)

Sec. 5. Minnesota Statutes 1998, section 125A.74, subdivision 2, is amended to read:

Subd. 2. [FUNDING.] A district that provides a covered service to an eligible person and complies with relevant requirements of the medical assistance program is entitled to receive payment for the ~~service provided, including that~~ portion of the ~~payment~~ services that will subsequently be reimbursed by the federal government, in the same manner as other medical assistance providers. ~~The school district is not required to provide matching funds or pay part of the costs of the service, as long as the rate charged for the service does not exceed medical assistance limits that apply to all medical assistance providers.~~

(Effective Date: Section 5 (125A.74, subdivision 2) is effective July 1, 2000.)

Sec. 6. Minnesota Statutes 1998, section 125A.744, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION.] Consistent with section 256B.0625, subdivision 26, school districts may enroll as medical assistance providers or subcontractors and bill the department of human services under the medical assistance fee for service claims processing system for special education services which are covered services under chapter 256B, which are provided in the school setting for a medical assistance recipient, and for whom the district has secured informed consent consistent with section 13.05, subdivision 4, paragraph (d), and section 256B.77, subdivision 2, paragraph (p), to bill for each type of covered service. School districts shall be reimbursed by the commissioner of human services for the federal share of individual education plan health-related services that qualify for reimbursement by medical assistance, minus five percent retained by the commissioner of human services for

administrative costs. A school district is not eligible to enroll as a home care provider or a personal care provider organization for purposes of billing home care services under section 256B.0627 until the commissioner of human services issues a bulletin instructing county public health nurses on how to assess for the needs of eligible recipients during school hours. To use private duty nursing services or personal care services at school, the recipient or responsible party must provide written authorization in the care plan identifying the chosen provider and the daily amount of services to be used at school. ~~Medical assistance services for those enrolled in a prepaid health plan shall remain the responsibility of the contracted health plan subject to their network, credentialing, prior authorization, and determination of medical necessity criteria. The commissioner of human services shall adjust payments to health plans to reflect increased costs incurred by health plans due to increased payments made to school districts or new payment or delivery arrangements developed by health plans in cooperation with school districts.~~

(Effective Date: Section 6 (125A.744, subdivision 3) is effective July 1, 2000.)

Sec. 7. Minnesota Statutes 1998, section 125A.76, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, not including the share of salaries for personnel providing health-related services counted in clause (8), whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8), an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of $47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; ~~and~~

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); and

(8) for fiscal years 2001 and later, the cost of salaries, supplies and equipment, and other related costs actually expended by the district for the nonfederal share of medical assistance services according to section 256B.0625, subdivision 26.

(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service

basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.

(Effective Date: Section 7 (125A.76, subdivision 2) is effective July 1, 2000.)

Sec. 8. [127A.11] [MONITOR MEDICAL ASSISTANCE SERVICES FOR DISABLED STUDENTS.]

The commissioner of children, families, and learning, in cooperation with the commissioner of human services, shall monitor the costs of health-related, special education services provided by public schools.

Sec. 9. [214.045] [COORDINATION WITH BOARD OF TEACHING.]

The commissioner of health and the health-related licensing boards must coordinate with the board of teaching when modifying licensure requirements for regulated persons in order to have consistent regulatory requirements for personnel who perform services in schools.

Sec. 10. Minnesota Statutes 1998, section 245B.05, subdivision 7, is amended to read:

Subd. 7. [REPORTING INCIDENTS AND EMERGENCIES.] The license holder must report the following incidents to the consumer's legal representative, caregiver, and case manager within 24 hours of the occurrence, or within 24 hours of receipt of the information:

(1) the death of a consumer;

(2) any medical emergencies, unexpected serious illnesses, or accidents that require physician treatment or hospitalization;

(3) a consumer's unauthorized absence; or

(4) any fires and incidents involving a law enforcement agency.

Death or serious injury of the consumer must also be reported to the ~~commissioner~~ department of human services licensing division and the ombudsman, as required under sections 245.91 and 245.94, subdivision 2a.

Sec. 11. Minnesota Statutes 1998, section 245B.07, subdivision 5, is amended to read:

Subd. 5. [STAFF ORIENTATION.] (a) Within 60 days of hiring staff who provide direct service, the license holder must provide 30 hours of staff orientation. Direct care staff must complete 15 of the 30 hours orientation before providing any unsupervised direct service to a consumer. If the staff person has received orientation training from a license holder licensed under this chapter, or provides semi-independent living services only, the 15-hour requirement may be reduced to eight hours. The total orientation of 30 hours may be reduced to 15 hours if the staff person has previously received orientation training from a license holder licensed under this chapter.

(b) The 30 hours of orientation must combine supervised on-the-job training with coverage of the following material:

(1) review of the consumer's service plans and risk management plan to achieve an understanding of the consumer as a unique individual;

(2) review and instruction on the license holder's policies and procedures, including their location and access;

(3) emergency procedures;

(4) explanation of specific job functions, including implementing objectives from the consumer's individual service plan;

(5) explanation of responsibilities related to section 245A.65; sections 626.556 and 626.557, governing maltreatment reporting and service planning for children and vulnerable adults; and section 245.825, governing use of aversive and deprivation procedures;

(6) medication administration as it applies to the individual consumer, from a training curriculum developed by a health services professional described in section 245B.05, subdivision 5, and when the consumer meets the criteria of having overriding health care needs, then medication administration taught by a health services professional. Staff may administer medications only after they demonstrate the ability, as defined in the license holder's medication administration policy and procedures. Once a consumer with overriding health care needs is admitted, staff will be provided with remedial training as deemed necessary by the license holder and the health professional to meet the needs of that consumer.

For purposes of this section, overriding health care needs means a health care condition that affects the service options available to the consumer because the condition requires:

(i) specialized or intensive medical or nursing supervision; and

(ii) nonmedical service providers to adapt their services to accommodate the health and safety needs of the consumer;

(7) consumer rights; and

(8) other topics necessary as determined by the consumer's individual service plan or other areas identified by the license holder.

(c) The license holder must document each employee's orientation received.

Sec. 12. Minnesota Statutes 1998, section 245B.07, subdivision 8, is amended to read:

Subd. 8. [POLICIES AND PROCEDURES.] The license holder must develop and implement the policies and procedures in paragraphs (1) to (3).

(1) policies and procedures that promote consumer health and safety by ensuring:

(i) consumer safety in emergency situations as identified in section 245B.05, subdivision 7;

(ii) consumer health through sanitary practices;

(iii) safe transportation, when the license holder is responsible for transportation of consumers, with provisions for handling emergency situations;

(iv) a system of recordkeeping for both individuals and the organization, for review of incidents and emergencies, and corrective action if needed;

(v) a plan for responding to and reporting all emergencies, including deaths, medical emergencies, illnesses, accidents, missing consumers, fires, severe weather and natural disasters, bomb threats, and other threats;

(vi) safe medication administration as identified in section 245B.05, subdivision 5, incorporating an observed skill assessment to ensure that staff demonstrate the ability to administer medications consistent with the license holder's policy and procedures;

(vii) psychotropic medication monitoring when the consumer is prescribed a psychotropic medication, including the use of the psychotropic medication use checklist. If the responsibility for implementing the psychotropic medication use checklist has not been assigned in the individual service plan and the consumer lives in a licensed site, the residential license holder shall be designated; and

(viii) criteria for admission or service initiation developed by the license holder;

(2) policies and procedures that protect consumer rights and privacy by ensuring:

(i) consumer data privacy, in compliance with the Minnesota Data Practices Act, chapter 13; and

(ii) that complaint procedures provide consumers with a simple process to bring grievances and consumers receive a response to the grievance within a reasonable time period. The license holder must provide a copy of the program's grievance procedure and time lines for addressing grievances. The program's grievance procedure must permit consumers served by the program and the authorized representatives to bring a grievance to the highest level of authority in the program; and

(3) policies and procedures that promote continuity and quality of consumer supports by ensuring:

(i) continuity of care and service coordination, including provisions for service termination, temporary service suspension, and efforts made by the license holder to coordinate services with other vendors who also provide support to the consumer. The policy must include the following requirements:

(A) the license holder must notify the consumer or consumer's legal representative and the consumer's case manager in writing of the intended termination or temporary service suspension and the consumer's right to seek a temporary order staying the termination or suspension of service according to the procedures in section 256.045, subdivision 4a or subdivision 6, paragraph (c);

(B) notice of the proposed termination of services, including those situations that began with a temporary service suspension, must be given at least 60 days before the proposed termination is to become effective~~, unless services are temporarily suspended according to the license holder's written temporary service suspension procedures, in which case notice must be given as soon as possible~~;

(C) the license holder must provide information requested by the consumer or consumer's legal representative or case manager when services are temporarily suspended or upon notice of termination;

(D) use of temporary service suspension procedures are restricted to situations in which the consumer's behavior causes immediate and serious danger to the health and safety of the individual or others;

(E) prior to giving notice of service termination or temporary service suspension, the license holder must document actions taken to minimize or eliminate the need for service termination or temporary service suspension; and

(F) during the period of temporary service suspension, the license holder will work with the appropriate county agency to develop reasonable alternatives to protect the individual and others; and

(ii) quality services measured through a program evaluation process including regular evaluations of consumer satisfaction and sharing the results of the evaluations with the consumers and legal representatives.

Sec. 13. Minnesota Statutes 1998, section 245B.07, subdivision 10, is amended to read:

Subd. 10. [CONSUMER FUNDS.] (a) The license holder must ensure that consumers retain the use and availability of personal funds or property unless restrictions are justified in the consumer's individual service plan.

(b) The license holder must ensure separation of ~~resident~~ consumer funds from funds of the license holder, the ~~residential~~ program, or program staff.

(c) Whenever the license holder assists a consumer with the safekeeping of funds or other property, the license holder must have written authorization to do so by the consumer or the consumer's legal representative, and the case manager. In addition, the license holder must:

(1) document receipt and disbursement of the consumer's funds or the property~~, and include the signature of the consumer, conservator, or payee~~;

(2) ~~provide a statement at least quarterly itemizing~~ annually survey, document, and implement the preferences of the consumer, consumer's legal representative, and the case manager for frequency of receiving a statement that itemizes receipts and disbursements of ~~resident~~ consumer funds or other property; and

(3) return to the consumer upon the consumer's request, funds and property in the license holder's possession subject to restrictions in the consumer's individual service plan, as soon as possible, but no later than three working days after the date of the request.

(d) License holders and program staff must not:

(1) borrow money from a consumer;

(2) purchase personal items from a consumer;

(3) sell merchandise or personal services to a consumer;

(4) require a ~~resident~~ consumer to purchase items for which the license holder is eligible for reimbursement; or

(5) use ~~resident~~ consumer funds in a manner that would violate section 256B.04, or any rules promulgated under that section.

Sec. 14. Minnesota Statutes 1998, section 252.32, subdivision 3a, is amended to read:

Subd. 3a. [REPORTS AND ALLOCATIONS.] (a) The commissioner shall specify requirements for quarterly fiscal and annual program reports according to section 256.01, subdivision 2, paragraph (17). Program reports shall include data which will enable the commissioner to evaluate program effectiveness and to audit compliance. The commissioner shall reimburse county costs on a quarterly basis.

(b) ~~Beginning January 1, 1998,~~ The commissioner shall allocate state funds made available under this section to county social service agencies on a calendar year basis. The commissioner shall allocate to each county first in amounts equal to each county's guaranteed floor as described in clause (1), and second, any remaining funds~~, after the allocation of funds to the newly participating counties as provided for in clause (3), shall be allocated in proportion to each county's total number of families receiving a grant on July 1 of the most recent calendar year~~ will be allocated to county agencies to support children in their family homes.

(1) Each county's guaranteed floor shall be calculated as follows:

(i) 95 percent of the county's allocation received in the preceding calendar year~~. For the calendar year 1998 allocation, the preceding calendar year shall be considered to be double the six-month allocation as provided in clause (2)~~;

(ii) when the amount of funds available for allocation is less than the amount available in the preceding year, each county's previous year allocation shall be reduced in proportion to the reduction in statewide funding, for the purpose of establishing the guaranteed floor.

(2) ~~For the period July 1, 1997, to December 31, 1997, the commissioner shall allocate to each county an amount equal to the actual, state approved grants issued to the families for the month of January 1997, multiplied by six. This six-month allocation shall be combined with the calendar year 1998 allocation and be administered as an 18-month allocation.~~

~~(3) At the commissioner's discretion, funds may be allocated to any nonparticipating county that requests an allocation under this section. Allocations to newly participating counties are dependent upon the availability of funds, as determined by the actual expenditure amount of the participating counties for the most recently completed calendar year.~~

~~(4)~~ The commissioner shall regularly review the use of family support fund allocations by county. The commissioner may reallocate unexpended or unencumbered money at any time to those counties that have a demonstrated need for additional funding.

(c) County allocations under this section will be adjusted for transfers that occur according to section 256.476 or when the county of financial responsibility changes according to chapter 256G for eligible recipients.

Sec. 15. Minnesota Statutes 1998, section 252.46, subdivision 6, is amended to read:

Subd. 6. [VARIANCES.] (a) A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request on forms supplied by the commissioner with the recommended payment rates.

(b) A variance to the rate maximum may be utilized for costs associated with compliance with state administrative rules, compliance with court orders, capital costs required for continued licensure, increased insurance costs, start-up and conversion costs for supported employment, direct service staff salaries and benefits, transportation, and other program related costs when any of the criteria in clauses (1) to (4) is also met:

~~(1) change is necessary to comply with licensing citations;~~

~~(2) a licensed vendor currently serving fewer than 70 persons with payment rates of 80 percent or less of the statewide average rates and with clients meeting the behavioral or medical criteria under clause (3) approved by the commissioner as a significant program change under section 252.28;~~

~~(3)~~ (1) A determination of need under section 252.28 is approved for a significant program change ~~is approved by the commissioner under section 252.28~~ that is necessary for a vendor to provide authorized services to ~~a new client or clients with very severe self-injurious or assaultive behavior, or medical conditions requiring delivery of physician-prescribed medical interventions requiring one-to-one staffing for at least 15 minutes each time they are performed, or to a new client or clients directly discharged to the vendor's program from a regional treatment center; or~~

~~(4) there is a need to maintain required staffing levels in order to provide authorized services approved by the commissioner under section 252.28, that is necessitated by a significant and permanent decrease in licensed capacity or clientele.~~

~~The county shall review the adequacy of services provided by vendors whose payment rates are 80 percent or more of the statewide average rates and 50 percent or more of the vendor's clients meet the behavioral or medical criteria in clause (3).~~

~~A variance under this paragraph may be approved only if the costs to the medical assistance program do not exceed the medical assistance costs for all clients served by the alternatives and all clients remaining in the existing services.~~ one or more clients who meet one or more of the following criteria:

(a) the client is a new client and:

(i) exhibits severe behavior as indicated on the screening document;

(ii) periodically requires one-to-one staff time for at least 15 minutes at a time to deliver physician prescribed medical interventions; or

(iii) has been discharged directly to the vendor's program from a regional treatment center or the Minnesota extended treatment option.

(b) the client is an existing client who has developed one of the following changed circumstances which increases costs that are not covered by the vendor's current rate, and for whom a significant program change is necessary to ensure the continued provision of authorized services to that client:

(i) severe behavior as indicated on the screening document;

(ii) a medical condition periodically requiring one-to-one staff time for at least 15 minutes at a time to deliver physician prescribed medical interventions; or

(iii) a permanent decrease in skill functioning, as verified by medical reports or assessments.

(2) A licensing determination requires a program change that the vendor cannot comply with due to funding restraints.

(3) A determination of need under section 252.28 is approved for a significant and permanent decrease in licensed capacity and the vendor demonstrates the need to retain certain staffing levels to serve the remaining clients.

(4) In cases where conditions in clauses (1) to (3) do not apply, but a determination of need under section 252.28 is approved for an unusual circumstance which exists that significantly impacts the type or amount of services delivered, as evidenced by documentation presented by the vendor and with the concurrence of the commissioner.

~~(b)~~ (c) A variance to the rate minimum may be granted when:

(1) the county board contracts for increased services from a vendor and for some or all individuals receiving services from the vendor lower per unit fixed costs result; or

(2) when the actual costs of delivering authorized service over a 12-month contract period have decreased.

~~(c)~~ (d) The written variance request under this subdivision must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates and recommended an effective date for the change in the rate.

(2) The vendor documents efforts to reallocate current staff and any additional staffing needs cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(3) The vendor documents that financial resources have been reallocated before applying for a variance. No variance may be granted for equipment, supplies, or other capital expenditures when depreciation expense for repair and replacement of such items is part of the current rate.

(4) For variances related to loss of clientele, the vendor documents the other program and administrative expenses, if any, that have been reduced.

(5) The county board submits verification of the conditions for which the variance is requested, a description of the nature and cost of the proposed changes, and how the county will monitor the use of money by the vendor to make necessary changes in services.

(6) The county board's recommended payment rates do not exceed 95 percent of the greater of 125 percent of the current statewide median or 125 percent of the regional average payment rates, whichever is higher, for each of the regional commission districts under sections 462.381 to 462.396 in which the vendor is located except for the following: when a variance is recommended to allow authorized service delivery to new clients with severe ~~self-injurious or assaultive~~ behaviors or with medical conditions requiring delivery of physician prescribed medical interventions, or to persons being directly discharged from a regional treatment center or Minnesota extended treatment options to the vendor's program, those persons must be assigned a payment rate of 200 percent of the current statewide average rates. All other clients receiving services from the vendor must be assigned a payment rate equal to the vendor's current rate unless the vendor's current rate exceeds 95 percent of 125 percent of the statewide median or 125 percent of the regional average payment rates, whichever is higher. When the vendor's rates exceed 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates, the maximum rates assigned to all other clients must be equal to the greater of 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates. The maximum payment rate that may be recommended for the vendor under these conditions is determined by multiplying the number of clients at each limit by the rate corresponding to that limit and then dividing the sum by the total number of clients.

~~(d)~~ (e) The commissioner shall have 60 calendar days from the date of the receipt of the complete request to accept or reject it, or the request shall be deemed to have been granted. If the commissioner rejects the request, the commissioner shall state in writing the specific objections to the request and the reasons for its rejection.

Sec. 16. Minnesota Statutes 1998, section 256.955, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For purposes of this section, the following definitions apply.

(b) "Health plan" has the meaning provided in section 62Q.01, subdivision 3.

(c) "Health plan company" has the meaning provided in section 62Q.01, subdivision 4.

(d) "Qualified senior citizen" means a Medicare enrollee, or an individual age 65 or older who is not a Medicare enrollee, who:

(1) is eligible as a qualified Medicare beneficiary according to section 256B.057, subdivision 3 or 3a, or is eligible under section 256B.057, subdivision 3 or 3a, and is also eligible for medical assistance or general assistance medical care with a spenddown as defined in section 256B.056, subdivision 5. Persons who are determined eligible for medical assistance according to section 256B.0575, who are eligible for medical assistance or general assistance medical care without a spenddown, or who are enrolled in MinnesotaCare, are not eligible for this program;

(2) is not enrolled in prescription drug coverage under a health plan;

(3) is not enrolled in prescription drug coverage under a Medicare supplement plan, as defined in sections 62A.31 to 62A.44, or policies, contracts, or certificates that supplement Medicare issued by health maintenance organizations or those policies, contracts, or certificates governed by section 1833 or 1876 of the federal Social Security Act, United States Code, title 42, section 1395, et seq., as amended;

(4) has not had coverage described in clauses (2) and (3) for at least four months prior to application for the program; and

(5) is a permanent resident of Minnesota as defined in section 256L.09.

Sec. 17. Minnesota Statutes 1998, section 256.955, subdivision 3, is amended to read:

Subd. 3. [PRESCRIPTION DRUG COVERAGE.] ~~Coverage under the program is limited to prescription drugs covered under the medical assistance program as described in section 256B.0625, subdivision 13, subject to a maximum deductible of $300 annually, except drugs cleared by the FDA shall be available to qualified senior citizens enrolled in the program without restriction when prescribed for medically accepted indication as defined in the federal rebate program under section 1927 of title XIX of the federal Social Security Act.~~ Coverage under the program shall be limited to those prescription drugs that:

(1) are covered under the medical assistance program as described in section 256B.0625, subdivision 13; and

(2) are provided by manufacturers that have fully executed senior drug rebate agreements with the commissioner and comply with such agreements.

Sec. 18. Minnesota Statutes 1998, section 256.955, subdivision 4, is amended to read:

Subd. 4. [APPLICATION PROCEDURES AND COORDINATION WITH MEDICAL ASSISTANCE.] Applications and information on the program must be made available at county social service agencies, health care provider offices, and agencies and organizations serving senior citizens. Senior citizens shall submit applications and any information specified by the commissioner as being necessary to verify eligibility directly to the county social service agencies:

(1) beginning January 1, 1999, the county social service agency shall determine medical assistance spenddown eligibility of individuals who qualify for the senior citizen drug program of individuals; and

(2) program payments will be used to reduce the spenddown obligations of individuals who are determined to be eligible for medical assistance with a spenddown as defined in section 256B.056, subdivision 5.

Seniors who are eligible for medical assistance with a spenddown shall be financially responsible for the deductible amount up to the satisfaction of the spenddown. No deductible applies once the spenddown has been met. Payments to providers for prescription drugs for persons eligible under this subdivision shall be reduced by the deductible.

County social service agencies shall determine an applicant's eligibility for the program within 30 days from the date the application is received. Eligibility begins the month after approval.

Sec. 19. Minnesota Statutes 1998, section 256.955, subdivision 7, is amended to read:

Subd. 7. [COST SHARING.] ~~(a) Enrollees shall pay an annual premium of $120.~~

~~(b)~~ Program enrollees must satisfy a ~~$300~~ $420 annual deductible, based upon expenditures for prescription drugs, to be paid ~~as follows:~~

~~(1) $25 monthly deductible for persons with a monthly spenddown; or~~

~~(2) $150 biannual deductible for persons with a six-month spenddown~~ in $35 monthly increments.

Sec. 20. Minnesota Statutes 1998, section 256.955, subdivision 9, is amended to read:

Subd. 9. [PROGRAM LIMITATION.] ~~This section shall be repealed upon federal approval of the waiver to allow the commissioner to provide prescription drug coverage for qualified Medicare beneficiaries whose income is less than 150 percent of the federal poverty guidelines~~ The commissioner shall administer the senior drug program so that the costs total no more than funds appropriated plus the drug rebate proceeds. Senior drug program rebate revenues are appropriated to the commissioner and shall be expended to augment funding of the senior drug program. New enrollment shall cease if the commissioner determines that, given current enrollment, costs of the program will exceed appropriated funds and rebate proceeds.

Sec. 21. Minnesota Statutes 1998, section 256.9685, subdivision 1a, is amended to read:

Subd. 1a. [ADMINISTRATIVE RECONSIDERATION.] Notwithstanding sections 256B.04, subdivision 15, and 256D.03, subdivision 7, the commissioner shall establish an administrative reconsideration process for appeals of inpatient hospital services determined to be medically unnecessary. A physician or hospital may request a reconsideration of the decision that inpatient hospital services are not medically necessary by submitting a written request for review to the commissioner within 30 days after receiving notice of the decision. The reconsideration process shall take place prior to the procedures of subdivision 1b and shall be conducted by physicians that are independent of the case under reconsideration. A majority decision by the physicians is necessary to make a determination that the services were not medically necessary.

Sec. 22. Minnesota Statutes 1998, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] (a) The hospital cost index shall be the change in the Consumer Price Index-All Items (United States city average) (CPI-U) forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the third quarter of the calendar year prior to the rate year. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis.

(b) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, nor under general assistance medical care, except that the inflation adjustments under paragraph (a) for medical assistance, excluding general assistance medical care, shall apply through calendar year ~~1999~~ 2001. The index for calendar year 2000 shall be reduced 2.5 percentage points to recover overprojections of the index from 1994 to 1996. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.

Sec. 23. Minnesota Statutes 1998, section 256B.04, subdivision 16, is amended to read:

Subd. 16. [PERSONAL CARE SERVICES.] (a) Notwithstanding any contrary language in this paragraph, the commissioner of human services and the commissioner of health shall jointly promulgate rules to be applied to the licensure of personal care services provided under the medical assistance program. The rules shall consider standards for personal care services that are based on the World Institute on Disability's recommendations regarding personal care services. These rules shall at a minimum consider the standards and requirements adopted by the commissioner of health under section 144A.45, which the commissioner of human services determines are applicable to the provision of personal care services, in addition to other standards or modifications which the commissioner of human services determines are appropriate.

The commissioner of human services shall establish an advisory group including personal care consumers and providers to provide advice regarding which standards or modifications should be adopted. The advisory group membership must include not less than 15 members, of which at least 60 percent must be consumers of personal care services and representatives of recipients with various disabilities and diagnoses and ages. At least 51 percent of the members of the advisory group must be recipients of personal care.

The commissioner of human services may contract with the commissioner of health to enforce the jointly promulgated licensure rules for personal care service providers.

Prior to final promulgation of the joint rule the commissioner of human services shall report preliminary findings along with any comments of the advisory group and a plan for monitoring and enforcement by the department of health to the legislature by February 15, 1992.

Limits on the extent of personal care services that may be provided to an individual must be based on the cost-effectiveness of the services in relation to the costs of inpatient hospital care, nursing home care, and other available types of care. The rules must provide, at a minimum:

(1) that agencies be selected to contract with or employ and train staff to provide and supervise the provision of personal care services;

(2) that agencies employ or contract with a qualified applicant that a qualified recipient proposes to the agency as the recipient's choice of assistant;

(3) that agencies bill the medical assistance program for a personal care service by a personal care assistant and supervision by ~~the registered nurse~~ a qualified professional supervising the personal care assistant unless the recipient selects the fiscal agent option under section 256B.0627, subdivision 10;

(4) that agencies establish a grievance mechanism; and

(5) that agencies have a quality assurance program.

(b) The commissioner may waive the requirement for the provision of personal care services through an agency in a particular county, when there are less than two agencies providing services in that county and shall waive the requirement for personal care assistants required to join an agency for the first time during 1993 when personal care services are provided under a relative hardship waiver under section 256B.0627, subdivision 4, paragraph (b), clause (7), and at least two agencies providing personal care services have refused to employ or contract with the independent personal care assistant.

Sec. 24. Minnesota Statutes 1998, section 256B.04, is amended by adding a subdivision to read:

Subd. 19. [PERFORMANCE DATA REPORTING UNIT.] The commissioner of human services shall establish a performance data reporting unit that serves counties and the state. The department shall support this unit and provide technical assistance and access to the data warehouse. The performance data reporting unit, which will operate within the department's central office and consist of both county and department staff, shall provide performance data reports to individual counties, share expertise from counties and the department perspective, and participate in joint planning to link with county databases and other county data sources in order to provide information on services provided to public clients from state, federal, and county funding sources. The unit shall provide counties both individual and group summary level standard or unique reports on health care eligibility and services provided to clients for whom they have financial responsibility.

Sec. 25. Minnesota Statutes 1998, section 256B.055, subdivision 3a, is amended to read:

Subd. 3a. [MFIP-S FAMILIES; FAMILIES ELIGIBLE UNDER PRIOR AFDC RULES.] (a) Beginning January 1, 1998, or on the date that MFIP-S is implemented in counties, medical assistance may be paid for a person receiving public assistance under the MFIP-S program.

(b) Beginning January 1, 1998, medical assistance may be paid for a person who would have been eligible for public assistance under the income and resource standards ~~and deprivation requirements~~, or who would have been eligible but for excess income or assets, under the state's AFDC plan in effect as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law Number 104-193.

Sec. 26. Minnesota Statutes 1998, section 256B.056, subdivision 4, is amended to read:

Subd. 4. [INCOME.] To be eligible for medical assistance, a person eligible under section 256B.055, subdivision 7, not receiving supplemental security income program payments, and families and children may have an income up to 133-1/3 percent of the AFDC income standard in effect under the July 16, 1996, AFDC state plan. ~~For rate years beginning on or after July 1, 1999, the commissioner shall consider increasing the base AFDC~~

~~standard in effect July 16, 1996, by an amount equal to the percent change in the Consumer Price Index for All Urban Consumers for the previous October compared to one year earlier.~~ Effective July 1, 1999, the base AFDC standard in effect on July 16, 1996, shall be increased by an amount equal to the percentage increase in the Consumer Price Index for all urban consumers for July 1996 through April 1999. Effective January 1, 2000, and each successive January, recipients of supplemental security income may have an income up to the supplemental security income standard in effect on that date. In computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Numbers 94-566, section 503; 99-272; and 99-509. Veterans aid and attendance benefits and Veterans Administration unusual medical expense payments are considered income to the recipient.

Sec. 27. Minnesota Statutes 1998, section 256B.057, is amended by adding a subdivision to read:

Subd. 9. [EMPLOYED PERSONS WITH DISABILITIES.] (a) Medical assistance may be paid for a person who is employed; who, except for income or assets, would be eligible for the supplemental security income program; whose assets do not exceed $20,000, excluding retirement accounts, medical savings accounts, and all assets excluded under the supplemental security income program; and who pays a premium, if required. Any spousal income or assets shall be disregarded for purposes of eligibility and premium determinations.

(b) A person whose earned and unearned income is equal to or greater than 200 percent of federal poverty guidelines for the applicable family size must pay a premium to be eligible for medical assistance. The premium shall be equal to ten percent of the person's gross earned and unearned income above 200 percent of federal poverty guidelines for the applicable family size up to the cost of coverage.

(c) A person's eligibility and premium shall be determined by the local county agency. Premiums must be paid to the commissioner. All premiums are dedicated to the commissioner.

(d) Any required premium shall be determined at application and redetermined annually at recertification or when a change in income occurs.

(e) The first premium payment is due upon notification from the commissioner of the premium amount required. Premiums may be paid in installments at the discretion of the commissioner.

(f) Nonpayment of the premium shall result in denial or termination of medical assistance unless the person demonstrates good cause for nonpayment. Nonpayment shall include payment with a dishonored instrument. If payment is made with a dishonored instrument, the commissioner may demand a guaranteed form of payment.

Sec. 28. Minnesota Statutes 1998, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, or a surviving spouse of a veteran having no child, the amount of an improved pension received from the veteran's administration not exceeding $90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally appointed guardian or conservator, five percent of the recipient's gross monthly income up to $100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse and only to the extent that the deduction is not included in the personal needs allowance under section 256B.35, subdivision 1, as child support garnished under a court order;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member;

(7) reparations payments made by the Federal Republic of Germany and reparations payments made by the Netherlands for victims of Nazi persecution between 1940 and 1945; ~~and~~

(8) all other exclusions from income for institutionalized persons as mandated by federal law; and

~~(8)~~ (9) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 29. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3b. [TELEMEDICINE CONSULTATIONS.] (a) Medical assistance covers telemedicine consultations. Telemedicine consultations may be made via two-way, interactive video or store-and-forward technology. Store-and-forward technology includes telemedicine consultations that do not occur in real time via synchronous transmissions, and that do not require a face-to-face encounter with the patient for all or any part of any such telemedicine consultation. The patient record must include a written opinion from the consulting physician providing the telemedicine consultation. A communication between two physicians that consists solely of a telephone conversation is not a telemedicine consultation. Coverage is limited to three telemedicine consultations per recipient per calendar week. Telemedicine consultations will be paid at the full allowable.

(b) This subdivision expires July 1, 2001.

Sec. 30. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3c. [CONSULTATION SERVICES BY PHYSICIANS SPECIALIZING IN CHILD ABUSE AND NEGLECT.] (a) Medical assistance covers consultation services by physicians specializing in child abuse and neglect. Alternative media formats may be used when the patient is a child being examined for potential abuse or neglect, the consulting physician is a specialist in child abuse and neglect, and the use of two-way, interactive video or the occurrence of a second exam would be medically counter indicated for the child.

(b) This subdivision expires July 1, 2001.

Sec. 31. Minnesota Statutes 1998, section 256B.0625, subdivision 6a, is amended to read:

Subd. 6a. [HOME HEALTH SERVICES.] Home health services are those services specified in Minnesota Rules, part 9505.0290. Medical assistance covers home health services at a recipient's home residence. Medical assistance does not cover home health services for residents of a hospital, nursing facility, or intermediate care facility, ~~or a health care facility licensed by the commissioner of health, unless the program is funded under a home and community-based services waiver or~~ unless the commissioner of human services has prior authorized skilled nurse visits for less than 90 days for a resident at an intermediate care facility for persons with mental retardation, to prevent an admission to a hospital or nursing facility or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the home health services or forgoes the facility per diem for the leave days that home health services are used. Home health services must be provided by a Medicare certified home health agency. All nursing and home health aide services must be provided according to section 256B.0627.

Sec. 32. Minnesota Statutes 1998, section 256B.0625, subdivision 8, is amended to read:

Subd. 8. [PHYSICAL THERAPY.] Medical assistance covers physical therapy and related services, including specialized maintenance therapy. Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate.

Sec. 33. Minnesota Statutes 1998, section 256B.0625, subdivision 8a, is amended to read:

Subd. 8a. [OCCUPATIONAL THERAPY.] Medical assistance covers occupational therapy and related services, including specialized maintenance therapy. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

Sec. 34. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8b. [SPEECH LANGUAGE PATHOLOGY SERVICES.] Medical assistance covers speech language pathology and related services, including specialized maintenance therapy.

Sec. 35. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8c. [REHABILITATION SERVICES.] Effective July 1, 1999, annual thresholds for provision of rehabilitation services described in subdivisions 8, 8a, and 8b will be the same in amount and description as the thresholds prescribed by the department of human services health care programs provider manual for calendar year 1997, and they will include sensory skills and cognitive training skills.

Sec. 36. Minnesota Statutes 1998, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iii) anorectics;

(iv) drugs for which medical value has not been established; and

(v) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act ~~and who have not signed an agreement with the state for drugs purchased pursuant to the senior citizen drug program established under section 256.955~~.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The pharmacy dispensing fee shall be $3.65. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus nine percent. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act. An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

(d) For purposes of this subdivision, "multisource drugs" means covered outpatient drugs, excluding innovator multisource drugs, for which there are two or more drug products which:

(i) are related as therapeutically equivalent under the Food and Drug Administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations";

(ii) are pharmaceutically equivalent and bioequivalent as determined by the Food and Drug Administration; and

(iii) are sold or marketed in Minnesota.

"Innovator multisource drug" means a multisource drug that was originally marketed under an original new drug application approved by the Food and Drug Administration.

Sec. 37. Minnesota Statutes 1998, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. [TRANSPORTATION COSTS.] (a) Medical assistance covers transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this subdivision, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the provider receives and maintains a current physician's order by the recipient's attending physician certifying that the recipient has a physical or mental impairment that would prohibit the recipient from safely accessing and using a bus, taxi, other commercial transportation, or private automobile. Special transportation includes driver-assisted service to eligible individuals. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle. The commissioner shall establish maximum medical assistance reimbursement rates for special transportation services for persons who need a wheelchair lift van or stretcher-equipped vehicle and for those who do not need a wheelchair lift van or stretcher-equipped vehicle. The average of these two rates per trip must not exceed ~~$15~~ $15.50 for the base rate and ~~$1.20~~ $1.25 per mile. Special transportation provided to nonambulatory persons who do not need a wheelchair lift van or stretcher-equipped vehicle, may be reimbursed at a lower rate than special transportation provided to persons who need a wheelchair lift van or stretcher-equipped vehicle.

Sec. 38. Minnesota Statutes 1998, section 256B.0625, subdivision 19c, is amended to read:

Subd. 19c. [PERSONAL CARE.] Medical assistance covers personal care services provided by an individual who is qualified to provide the services according to subdivision 19a and section 256B.0627, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by ~~a registered nurse~~ the recipient under the fiscal agent option according to section 256B.0627, subdivision 10, or a qualified professional. "Qualified professional" means a mental health professional as defined in section 245.462, subdivision 18, or 245.4871, subdivision 26; or a registered nurse as defined in sections 148.171 to 148.285. As part of the assessment, the county public health nurse will consult with the recipient or responsible party and identify the most appropriate person to provide supervision of the personal care assistant. The qualified professional shall perform the duties described in Minnesota Rules, part 9505.0335, subpart 4.

Sec. 39. Minnesota Statutes 1998, section 256B.0625, subdivision 26, is amended to read:

Subd. 26. [SPECIAL EDUCATION SERVICES.] (a) Medical assistance covers medical services identified in a recipient's individualized education plan and covered under the medical assistance state plan. Covered services include occupational therapy, physical therapy, speech-language therapy, clinical psychological services, nursing services, school psychological services, school social work services, personal care assistants serving as management aides, assistive technology devices, transportation services, and other services covered under the medical assistance state plan. The services may be provided by a Minnesota school district that is enrolled as a medical assistance provider or its subcontractor, and only if the services meet all the requirements otherwise applicable if the service had been provided by a provider other than a school district, in the following areas: medical necessity, physician's orders, documentation, personnel qualifications, and prior authorization requirements. The nonfederal share of costs for services provided under this subdivision is the responsibility of the local school district as provided in section 125A.74. Services listed in a child's individual education plan are eligible for medical assistance reimbursement only if those services meet criteria for federal financial participation under the Medicaid program.

(b) Approval of health-related services for inclusion in the individual education plan does not require prior authorization for purposes of reimbursement under this chapter. The commissioner may require physician review and approval of the plan not more than once annually or upon any modification of the individual education plan that reflects a change in health-related services.

(c) Services of a speech-language pathologist provided under this section are covered notwithstanding Minnesota Rules, part 9505.0390, subpart 1, item L, if the person:

(1) holds a masters degree in speech-language pathology;

(2) is licensed by the Minnesota board of teaching as an educational speech-language pathologist; and

(3) either has a certificate of clinical competence from the American Speech and Hearing Association, has completed the equivalent educational requirements and work experience necessary for the certificate or has completed the academic program and is acquiring supervised work experience to qualify for the certificate.

(d) Medical assistance coverage for medically necessary services provided under other subdivisions in this section may not be denied solely on the basis that the same or similar services are covered under this subdivision.

(e) The commissioner shall develop and implement package rates, bundled rates, or per diem rates for special education services under which separately covered services are grouped together and billed as a unit in order to reduce administrative complexity.

(f) The commissioner shall develop a cost-based payment structure for payment of these services.

(g) Effective July 1, 2000, medical assistance services provided under an individual education plan or an individual family service plan by local school districts shall not count against medical assistance authorization thresholds for that child.

(Effective Date: Section 39 (256B.0625, subdivision 26) is effective July 1, 2000.)

Sec. 40. Minnesota Statutes 1998, section 256B.0625, subdivision 28, is amended to read:

Subd. 28. [CERTIFIED NURSE PRACTITIONER SERVICES.] Medical assistance covers services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if services provided on an inpatient basis are not included as part of the cost for inpatient services included in the operating payment rate, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.

Sec. 41. Minnesota Statutes 1998, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. [OTHER CLINIC SERVICES.] (a) Medical assistance covers rural health clinic services, federally qualified health center services, nonprofit community health clinic services, public health clinic services, and the services of a clinic meeting the criteria established in rule by the commissioner. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. A federally qualified health center that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, a federally qualified health center shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner. Federally qualified health centers that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

(c) In order to continue cost-based payment under the medical assistance program according to paragraphs (a) and (b), a federally qualified health center or rural health clinic must apply for designation as an essential community provider within six months of final adoption of rules by the department of health according to section 62Q.19, subdivision 7. For those federally qualified health centers and rural health clinics that have applied for essential community provider status within the six-month time prescribed, medical assistance payments will continue to be made according to paragraphs (a) and (b) for the first three years after application. For federally qualified health centers and rural health clinics that either do not apply within the time specified above or who have had essential community provider status for three years, medical assistance payments for health services provided by these entities shall be according to the same rates and conditions applicable to the same service provided by health care providers that are not federally qualified health centers or rural health clinics. ~~This paragraph takes effect only if the Minnesota health care reform waiver is approved by the federal government, and remains in effect for as long as the Minnesota health care reform waiver remains in effect. When the waiver expires, this paragraph expires, and the commissioner of human services shall publish a notice in the State Register and notify the revisor of statutes.~~

(d) Effective July 1, 1999, the provisions of paragraph (c) requiring a federally qualified health center or a rural health clinic to make application for an essential community provider designation in order to have cost-based payments made according to paragraphs (a) and (b) no longer apply.

(e) Effective January 1, 2000, payments made according to paragraphs (a) and (b) shall be limited to the cost phase-out schedule of the Balanced Budget Act of 1997.

Sec. 42. Minnesota Statutes 1998, section 256B.0625, subdivision 32, is amended to read:

Subd. 32. [NUTRITIONAL PRODUCTS.] ~~(a)~~ Medical assistance covers nutritional products needed for nutritional supplementation because solid food or nutrients thereof cannot be properly absorbed by the body or needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow's milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities. Payment for dietary requirements is a component of the per diem rate paid to these facilities.

~~(b) The commissioner shall designate a nutritional supplementation products advisory committee to advise the commissioner on nutritional supplementation products for which payment is made. The committee shall consist of nine members, one of whom shall be a physician, one of whom shall be a pharmacist, two of whom shall be registered dietitians, one of whom shall be a public health nurse, one of whom shall be a representative of a home health care agency, one of whom shall be a provider of long-term care services, and two of whom shall be consumers of nutritional supplementation products. Committee members shall serve two-year terms and shall serve without compensation.~~

~~(c) The advisory committee shall review and recommend nutritional supplementation products which require prior authorization. The commissioner shall develop procedures for the operation of the advisory committee so that the advisory committee operates in a manner parallel to the drug formulary committee.~~

Sec. 43. Minnesota Statutes 1998, section 256B.0625, subdivision 35, is amended to read:

Subd. 35. [FAMILY COMMUNITY SUPPORT SERVICES.] Medical assistance covers family community support services as defined in section 245.4871, subdivision 17. In addition to the provisions of section 245.4871, and to the extent authorized by rules promulgated by the state agency, medical assistance covers the following services as family community support services:

(1) services identified in an individual treatment plan when provided by a trained mental health behavioral aide under the direction of a mental health practitioner or mental health professional;

(2) mental health crisis intervention and crisis stabilization services provided outside of hospital inpatient settings; and

(3) the therapeutic components of preschool and therapeutic camp programs.

Sec. 44. Minnesota Statutes 1998, section 256B.0627, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] (a) "Assessment" means a review and evaluation of a recipient's need for home care services conducted in person. Assessments for private duty nursing shall be conducted by a registered private duty nurse. Assessments for home health agency services shall be conducted by a home health agency nurse. Assessments for personal care assistant services shall be conducted by the county public health nurse or a certified public health nurse under contract with the county. ~~An initial assessment for personal care services is conducted on individuals who are requesting personal care services or for those consumers who have never had a public health nurse assessment. The initial~~ A face-to-face assessment must include: a ~~face-to-face~~ health status assessment and determination of ~~baseline~~ need, evaluation of service outcomes, collection of ~~initial~~ case data, identification of appropriate services and service plan development or modification, coordination of ~~initial~~ services, referrals and follow-up to appropriate payers and community resources, completion of required reports, obtaining service authorization, and consumer education. A ~~reassessment visit~~ face-to-face assessment for personal care services is conducted on those recipients who have never had a county public health nurse assessment. A face-to-face assessment must occur at least annually or when there is a significant change in ~~consumer~~ recipient condition ~~and~~ or when there is a change in the need for personal care assistant services. ~~The reassessment visit~~ A service update

may substitute for the annual face-to-face assessment when there is not a significant change in recipient condition or a change in the need for personal care assistant service. A service update or review for temporary increase includes a review of initial baseline data, evaluation of service outcomes, redetermination of service need, modification of service plan and appropriate referrals, update of initial forms, obtaining service authorization, and on going consumer education. Assessments for medical assistance home care services for mental retardation or related conditions and alternative care services for developmentally disabled home and community-based waivered recipients may be conducted by the county public health nurse to ensure coordination and avoid duplication. Assessments must be completed on forms provided by the commissioner within 30 days of a request for home care services by a recipient or responsible party.

(b) "Care plan" means a written description of personal care assistant services developed by the ~~agency nurse~~ qualified professional with the recipient or responsible party to be used by the personal care assistant with a copy provided to the recipient or responsible party.

(c) "Home care services" means a health service, determined by the commissioner as medically necessary, that is ordered by a physician and documented in a service plan that is reviewed by the physician at least once every ~~60~~ 62 days for the provision of home health services, or private duty nursing, or at least once every 365 days for personal care. Home care services are provided to the recipient at the recipient's residence that is a place other than a hospital or long-term care facility or as specified in section 256B.0625.

(d) "Medically necessary" has the meaning given in Minnesota Rules, parts 9505.0170 to 9505.0475.

(e) "Personal care assistant" means a person who: (1) is at least 18 years old, except for persons 16 to 18 years of age who participated in a related school-based job training program or have completed a certified home health aide competency evaluation; (2) is able to effectively communicate with the recipient and personal care provider organization; (3) effective July 1, 1996, has completed one of the training requirements as specified in Minnesota Rules, part 9505.0335, subpart 3, items A to D; (4) has the ability to, and provides covered personal care services according to the recipient's care plan, responds appropriately to recipient needs, and reports changes in the recipient's condition to the supervising ~~registered nurse~~ qualified professional;

(5) is not a consumer of personal care services; and (6) is subject to criminal background checks and procedures specified in section 245A.04. ~~An individual who has been convicted of a crime specified in Minnesota Rules, part 4668.0020, subpart 14, or a comparable crime in another jurisdiction is disqualified from being a personal care assistant, unless the individual meets the rehabilitation criteria specified in Minnesota Rules, part 4668.0020, subpart 15.~~

(f) "Personal care provider organization" means an organization enrolled to provide personal care services under the medical assistance program that complies with the following: (1) owners who have a five percent interest or more, and managerial officials are subject to a background study as provided in section 245A.04. This applies to currently enrolled personal care provider organizations and those agencies seeking enrollment as a personal care provider organization. An organization will be barred from enrollment if an owner or managerial official of the organization has been convicted of a crime specified in section 245A.04, or a comparable crime in another jurisdiction, unless the owner or managerial official meets the reconsideration criteria specified in section 245A.04; (2) the organization must maintain a surety bond and liability insurance throughout the duration of enrollment and provides proof thereof. The insurer must notify the department of human services of the cancellation or lapse of policy; and (3) the organization must maintain documentation of services as specified in Minnesota Rules, part 9505.2175, subpart 7, as well as evidence of compliance with personal care assistant training requirements.

(g) "Responsible party" means an individual residing with a recipient of personal care services who is capable of providing the supportive care necessary to assist the recipient to live in the community, is at least 18 years old, and is not a personal care assistant. Responsible parties who are parents of minors or guardians of minors or incapacitated persons may delegate the responsibility to another adult during a temporary absence of at least 24 hours but not more than six months. The person delegated as a responsible party must be able to meet the definition of responsible party, except that the delegated responsible party is required to reside with the recipient only while

serving as the responsible party. Foster care license holders may be designated the responsible party for residents of the foster care home if case management is provided as required in section 256B.0625, subdivision 19a. For persons who, as of April 1, 1992, are sharing personal care services in order to obtain the availability of 24-hour coverage, an employee of the personal care provider organization may be designated as the responsible party if case management is provided as required in section 256B.0625, subdivision 19a.

(h) "Service plan" means a written description of the services needed based on the assessment developed by the nurse who conducts the assessment together with the recipient or responsible party. The service plan shall include a description of the covered home care services, frequency and duration of services, and expected outcomes and goals. The recipient and the provider chosen by the recipient or responsible party must be given a copy of the completed service plan within 30 calendar days of the request for home care services by the recipient or responsible party.

(i) "Skilled nurse visits" are provided in a recipient's residence under a plan of care or service plan that specifies a level of care which the nurse is qualified to provide. These services are:

(1) nursing services according to the written plan of care or service plan and accepted standards of medical and nursing practice in accordance with chapter 148;

(2) services which due to the recipient's medical condition may only be safely and effectively provided by a registered nurse or a licensed practical nurse;

(3) assessments performed only by a registered nurse; and

(4) teaching and training the recipient, the recipient's family, or other caregivers requiring the skills of a registered nurse or licensed practical nurse.

Sec. 45. Minnesota Statutes 1998, section 256B.0627, subdivision 2, is amended to read:

Subd. 2. [SERVICES COVERED.] Home care services covered under this section include:

(1) nursing services under section 256B.0625, subdivision 6a;

(2) private duty nursing services under section 256B.0625, subdivision 7;

(3) home health aide services under section 256B.0625, subdivision 6a;

(4) personal care services under section 256B.0625, subdivision 19a;

(5) ~~nursing~~ supervision of personal care assistant services provided by a qualified professional under section 256B.0625, subdivision 19a; ~~and~~

(6) consulting professional of personal care assistant services under the fiscal agent option as specified in subdivision 10;

(7) face-to-face assessments by county public health nurses for services under section 256B.0625, subdivision 19a; and

(8) service updates and review of temporary increases for personal care assistant services by the county public health nurse for services under section 256B.0625, subdivision 19a.

Sec. 46. Minnesota Statutes 1998, section 256B.0627, subdivision 4, is amended to read:

Subd. 4. [PERSONAL CARE SERVICES.] (a) The personal care services that are eligible for payment are the following:

(1) bowel and bladder care;

(2) skin care to maintain the health of the skin;

(3) repetitive maintenance range of motion, muscle strengthening exercises, and other tasks specific to maintaining a recipient's optimal level of function;

(4) respiratory assistance;

(5) transfers and ambulation;

(6) bathing, grooming, and hairwashing necessary for personal hygiene;

(7) turning and positioning;

(8) assistance with furnishing medication that is self-administered;

(9) application and maintenance of prosthetics and orthotics;

(10) cleaning medical equipment;

(11) dressing or undressing;

(12) assistance with eating and meal preparation and necessary grocery shopping;

(13) accompanying a recipient to obtain medical diagnosis or treatment;

(14) assisting, monitoring, or prompting the recipient to complete the services in clauses (1) to (13);

(15) redirection, monitoring, and observation that are medically necessary and an integral part of completing the personal care services described in clauses (1) to (14);

(16) redirection and intervention for behavior, including observation and monitoring;

(17) interventions for seizure disorders, including monitoring and observation if the recipient has had a seizure that requires intervention within the past three months;

(18) tracheostomy suctioning using a clean procedure if the procedure is properly delegated by a registered nurse. Before this procedure can be delegated to a personal care assistant, a registered nurse must determine that the tracheostomy suctioning can be accomplished utilizing a clean rather than a sterile procedure and must ensure that the personal care assistant has been taught the proper procedure; and

(19) incidental household services that are an integral part of a personal care service described in clauses (1) to (18).

For purposes of this subdivision, monitoring and observation means watching for outward visible signs that are likely to occur and for which there is a covered personal care service or an appropriate personal care intervention. For purposes of this subdivision, a clean procedure refers to a procedure that reduces the numbers of microorganisms or prevents or reduces the transmission of microorganisms from one person or place to another. A clean procedure may be used beginning 14 days after insertion.

(b) The personal care services that are not eligible for payment are the following:

(1) services not ordered by the physician;

(2) assessments by personal care provider organizations or by independently enrolled registered nurses;

(3) services that are not in the service plan;

(4) services provided by the recipient's spouse, legal guardian for an adult or child recipient, or parent of a recipient under age 18;

(5) services provided by a foster care provider of a recipient who cannot direct the recipient's own care, unless monitored by a county or state case manager under section 256B.0625, subdivision 19a;

(6) services provided by the residential or program license holder in a residence for more than four persons;

(7) services that are the responsibility of a residential or program license holder under the terms of a service agreement and administrative rules;

(8) sterile procedures;

(9) injections of fluids into veins, muscles, or skin;

(10) services provided by parents of adult recipients, adult children, or ~~adult~~ siblings of the recipient, unless these relatives meet one of the following hardship criteria and the commissioner waives this requirement:

(i) the relative resigns from a part-time or full-time job to provide personal care for the recipient;

(ii) the relative goes from a full-time to a part-time job with less compensation to provide personal care for the recipient;

(iii) the relative takes a leave of absence without pay to provide personal care for the recipient;

(iv) the relative incurs substantial expenses by providing personal care for the recipient; or

(v) because of labor conditions, special language needs, or intermittent hours of care needed, the relative is needed in order to provide an adequate number of qualified personal care assistants to meet the medical needs of the recipient;

(11) homemaker services that are not an integral part of a personal care services;

(12) home maintenance, or chore services;

(13) services not specified under paragraph (a); and

(14) services not authorized by the commissioner or the commissioner's designee.

Sec. 47. Minnesota Statutes 1998, section 256B.0627, subdivision 5, is amended to read:

Subd. 5. [LIMITATION ON PAYMENTS.] Medical assistance payments for home care services shall be limited according to this subdivision.

(a) [LIMITS ON SERVICES WITHOUT PRIOR AUTHORIZATION.] A recipient may receive the following home care services during a calendar year:

(1) ~~any initial assessment~~ up to two face-to-face assessments to determine a recipient's need for personal care assistant services;

(2) ~~up to two reassessments per year~~ one service update done to determine a recipient's need for personal care services; and

(3) up to five skilled nurse visits.

(b) [PRIOR AUTHORIZATION; EXCEPTIONS.] All home care services above the limits in paragraph (a) must receive the commissioner's prior authorization, except when:

(1) the home care services were required to treat an emergency medical condition that if not immediately treated could cause a recipient serious physical or mental disability, continuation of severe pain, or death. The provider must request retroactive authorization no later than five working days after giving the initial service. The provider must be able to substantiate the emergency by documentation such as reports, notes, and admission or discharge histories;

(2) the home care services were provided on or after the date on which the recipient's eligibility began, but before the date on which the recipient was notified that the case was opened. Authorization will be considered if the request is submitted by the provider within 20 working days of the date the recipient was notified that the case was opened;

(3) a third-party payor for home care services has denied or adjusted a payment. Authorization requests must be submitted by the provider within 20 working days of the notice of denial or adjustment. A copy of the notice must be included with the request;

(4) the commissioner has determined that a county or state human services agency has made an error; or

(5) the professional nurse determines an immediate need for up to 40 skilled nursing or home health aide visits per calendar year and submits a request for authorization within 20 working days of the initial service date, and medical assistance is determined to be the appropriate payer.

(c) [RETROACTIVE AUTHORIZATION.] A request for retroactive authorization will be evaluated according to the same criteria applied to prior authorization requests.

(d) [ASSESSMENT AND SERVICE PLAN.] Assessments under section 256B.0627, subdivision 1, paragraph (a), shall be conducted initially, and at least annually thereafter, in person with the recipient and result in a completed service plan using forms specified by the commissioner. Within 30 days of recipient or responsible party request for home care services, the assessment, the service plan, and other information necessary to determine medical necessity such as diagnostic or testing information, social or medical histories, and hospital or facility discharge summaries shall be submitted to the commissioner. For personal care services:

(1) The amount and type of service authorized based upon the assessment and service plan will follow the recipient if the recipient chooses to change providers.

(2) If the recipient's medical need changes, the recipient's provider may assess the need for a change in service authorization and request the change from the county public health nurse. Within 30 days of the request, the public health nurse will determine whether to request the change in services based upon the provider assessment, or conduct a home visit to assess the need and determine whether the change is appropriate.

(3) To continue to receive personal care services after the first year, the recipient or the responsible party, in conjunction with the public health nurse, may complete a service update on forms developed by the commissioner according to criteria and procedures in subdivision 1. ~~The service update may substitute for the annual reassessment described in subdivision 1.~~

(e) [PRIOR AUTHORIZATION.] The commissioner, or the commissioner's designee, shall review the assessment, ~~the~~ service update, request for temporary services, service plan, and any additional information that is submitted. The commissioner shall, within 30 days after receiving a complete request, assessment, and service plan, authorize home care services as follows:

(1) [HOME HEALTH SERVICES.] All home health services provided by a licensed nurse or a home health aide must be prior authorized by the commissioner or the commissioner's designee. Prior authorization must be based on medical necessity and cost-effectiveness when compared with other care options. When home health services are used in combination with personal care and private duty nursing, the cost of all home care services shall be considered for cost-effectiveness. The commissioner shall limit nurse and home health aide visits to no more than one visit each per day.

(2) [PERSONAL CARE SERVICES.] (i) All personal care services and ~~registered nurse~~ supervision by a qualified professional must be prior authorized by the commissioner or the commissioner's designee except for the assessments established in paragraph (a). The amount of personal care services authorized must be based on the recipient's home care rating. A child may not be found to be dependent in an activity of daily living if because of the child's age an adult would either perform the activity for the child or assist the child with the activity and the amount of assistance needed is similar to the assistance appropriate for a typical child of the same age. Based on medical necessity, the commissioner may authorize:

(A) up to two times the average number of direct care hours provided in nursing facilities for the recipient's comparable case mix level; or

(B) up to three times the average number of direct care hours provided in nursing facilities for recipients who have complex medical needs or are dependent in at least seven activities of daily living and need physical assistance with eating or have a neurological diagnosis; or

(C) up to 60 percent of the average reimbursement rate, as of July 1, 1991, for care provided in a regional treatment center for recipients who have Level I behavior, plus any inflation adjustment as provided by the legislature for personal care service; or

(D) up to the amount the commissioner would pay, as of July 1, 1991, plus any inflation adjustment provided for home care services, for care provided in a regional treatment center for recipients referred to the commissioner by a regional treatment center preadmission evaluation team. For purposes of this clause, home care services means all services provided in the home or community that would be included in the payment to a regional treatment center; or

(E) up to the amount medical assistance would reimburse for facility care for recipients referred to the commissioner by a preadmission screening team established under section 256B.0911 or 256B.092; and

(F) a reasonable amount of time for the provision of ~~nursing~~ supervision by a qualified professional of personal care services.

(ii) The number of direct care hours shall be determined according to the annual cost report submitted to the department by nursing facilities. The average number of direct care hours, as established by May 1, 1992, shall be calculated and incorporated into the home care limits on July 1, 1992. These limits shall be calculated to the nearest quarter hour.

(iii) The home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner by the county public health nurse on forms specified by the commissioner. The home care rating shall be a combination of current assessment tools developed under sections 256B.0911 and 256B.501 with an addition for seizure activity that will assess the frequency and severity of seizure activity and with adjustments, additions, and clarifications that are necessary to reflect the needs and conditions of recipients who need home care including children and adults under 65 years of age. The commissioner shall establish these forms and protocols under this section and shall use an advisory group, including representatives of recipients, providers, and counties, for consultation in establishing and revising the forms and protocols.

(iv) A recipient shall qualify as having complex medical needs if the care required is difficult to perform and because of recipient's medical condition requires more time than community-based standards allow or requires more skill than would ordinarily be required and the recipient needs or has one or more of the following:

(A) daily tube feedings;

(B) daily parenteral therapy;

(C) wound or decubiti care;

(D) postural drainage, percussion, nebulizer treatments, suctioning, tracheotomy care, oxygen, mechanical ventilation;

(E) catheterization;

(F) ostomy care;

(G) quadriplegia; or

(H) other comparable medical conditions or treatments the commissioner determines would otherwise require institutional care.

(v) A recipient shall qualify as having Level I behavior if there is reasonable supporting evidence that the recipient exhibits, or that without supervision, observation, or redirection would exhibit, one or more of the following behaviors that cause, or have the potential to cause:

(A) injury to the recipient's own body;

(B) physical injury to other people; or

(C) destruction of property.

(vi) Time authorized for personal care relating to Level I behavior in subclause (v), items (A) to (C), shall be based on the predictability, frequency, and amount of intervention required.

(vii) A recipient shall qualify as having Level II behavior if the recipient exhibits on a daily basis one or more of the following behaviors that interfere with the completion of personal care services under subdivision 4, paragraph (a):

(A) unusual or repetitive habits;

(B) withdrawn behavior; or

(C) offensive behavior.

(viii) A recipient with a home care rating of Level II behavior in subclause (vii), items (A) to (C), shall be rated as comparable to a recipient with complex medical needs under subclause (iv). If a recipient has both complex medical needs and Level II behavior, the home care rating shall be the next complex category up to the maximum rating under subclause (i), item (B).

(3) [PRIVATE DUTY NURSING SERVICES.] All private duty nursing services shall be prior authorized by the commissioner or the commissioner's designee. Prior authorization for private duty nursing services shall be based on medical necessity and cost-effectiveness when compared with alternative care options. The commissioner may authorize medically necessary private duty nursing services in quarter-hour units when:

(i) the recipient requires more individual and continuous care than can be provided during a nurse visit; or

(ii) the cares are outside of the scope of services that can be provided by a home health aide or personal care assistant.

The commissioner may authorize:

(A) up to two times the average amount of direct care hours provided in nursing facilities statewide for case mix classification "K" as established by the annual cost report submitted to the department by nursing facilities in May 1992;

(B) private duty nursing in combination with other home care services up to the total cost allowed under clause (2);

(C) up to 16 hours per day if the recipient requires more nursing than the maximum number of direct care hours as established in item (A) and the recipient meets the hospital admission criteria established under Minnesota Rules, parts 9505.0500 to 9505.0540.

The commissioner may authorize up to 16 hours per day of medically necessary private duty nursing services or up to 24 hours per day of medically necessary private duty nursing services until such time as the commissioner is able to make a determination of eligibility for recipients who are cooperatively applying for home care services under the community alternative care program developed under section 256B.49, or until it is determined by the appropriate regulatory agency that a health benefit plan is or is not required to pay for appropriate medically necessary health care services. Recipients or their representatives must cooperatively assist the commissioner in obtaining this determination. Recipients who are eligible for the community alternative care program may not receive more hours of nursing under this section than would otherwise be authorized under section 256B.49.

(4) [VENTILATOR-DEPENDENT RECIPIENTS.] If the recipient is ventilator-dependent, the monthly medical assistance authorization for home care services shall not exceed what the commissioner would pay for care at the highest cost hospital designated as a long-term hospital under the Medicare program. For purposes of this clause, home care services means all services provided in the home that would be included in the payment for care at the long-term hospital. "Ventilator-dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to be or has been dependent for at least 30 consecutive days.

(f) [PRIOR AUTHORIZATION; TIME LIMITS.] The commissioner or the commissioner's designee shall determine the time period for which a prior authorization shall be effective. If the recipient continues to require home care services beyond the duration of the prior authorization, the home care provider must request a new prior authorization. Under no circumstances, other than the exceptions in paragraph (b), shall a prior authorization be valid prior to the date the commissioner receives the request or for more than 12 months. A recipient who appeals a reduction in previously authorized home care services may continue previously authorized services, other than temporary services under paragraph (h), pending an appeal under section 256.045. The commissioner must provide a detailed explanation of why the authorized services are reduced in amount from those requested by the home care provider.

(g) [APPROVAL OF HOME CARE SERVICES.] The commissioner or the commissioner's designee shall determine the medical necessity of home care services, the level of caregiver according to subdivision 2, and the institutional comparison according to this subdivision, the cost-effectiveness of services, and the amount, scope, and duration of home care services reimbursable by medical assistance, based on the assessment, primary payer coverage determination information as required, the service plan, the recipient's age, the cost of services, the recipient's medical condition, and diagnosis or disability. The commissioner may publish additional criteria for determining medical necessity according to section 256B.04.

(h) [PRIOR AUTHORIZATION REQUESTS; TEMPORARY SERVICES.] The agency nurse, the independently enrolled private duty nurse, or county public health nurse may request a temporary authorization for home care services by telephone. The commissioner may approve a temporary level of home care services based on the assessment, and service or care plan information, and primary payer coverage determination information as required.

Authorization for a temporary level of home care services including nurse supervision is limited to the time specified by the commissioner, but shall not exceed 45 days, unless extended because the county public health nurse has not completed the required assessment and service plan, or the commissioner's determination has not been made. The level of services authorized under this provision shall have no bearing on a future prior authorization.

(i) [PRIOR AUTHORIZATION REQUIRED IN FOSTER CARE SETTING.] Home care services provided in an adult or child foster care setting must receive prior authorization by the department according to the limits established in paragraph (a).

The commissioner may not authorize:

(1) home care services that are the responsibility of the foster care provider under the terms of the foster care placement agreement and administrative rules. Requests for home care services for recipients residing in a foster care setting must include the foster care placement agreement and determination of difficulty of care;

(2) personal care services when the foster care license holder is also the personal care provider or personal care assistant unless the recipient can direct the recipient's own care, or case management is provided as required in section 256B.0625, subdivision 19a;

(3) personal care services when the responsible party is an employee of, or under contract with, or has any direct or indirect financial relationship with the personal care provider or personal care assistant, unless case management is provided as required in section 256B.0625, subdivision 19a;

(4) home care services when the number of foster care residents is greater than four unless the county responsible for the recipient's foster placement made the placement prior to April 1, 1992, requests that home care services be provided, and case management is provided as required in section 256B.0625, subdivision 19a; or

(5) home care services when combined with foster care payments, other than room and board payments that exceed the total amount that public funds would pay for the recipient's care in a medical institution.

Sec. 48. Minnesota Statutes 1998, section 256B.0627, subdivision 8, is amended to read:

Subd. 8. [SHARED PERSONAL CARE ASSISTANT SERVICES~~; SHARED CARE~~.] (a) Medical assistance payments for shared personal care assistance ~~shared care~~ services shall be limited according to this subdivision.

(b) Recipients of personal care assistant services may share staff and the commissioner shall provide a rate system for shared personal care assistant services. For two persons sharing ~~care~~ services, the rate paid to a provider shall not exceed 1-1/2 times the rate paid for serving a single individual, and for three persons sharing ~~care~~ services, the rate paid to a provider shall not exceed twice the rate paid for serving a single individual. These rates apply only to situations in which all recipients were present and received shared ~~care~~ services on the date for which the service is billed. No more than three persons may receive shared ~~care~~ services from a personal care assistant in a single setting.

(c) Shared ~~care~~ service is the provision of personal care services by a personal care assistant to two or three recipients at the same time and in the same setting. For the purposes of this subdivision, "setting" means:

(1) the home or foster care home of one of the individual recipients; or

(2) a child care program in which all recipients served by one personal care assistant are participating, which is licensed under chapter 245A or operated by a local school district or private school.

The provisions of this subdivision do not apply when a personal care assistant is caring for multiple recipients in more than one setting.

(d) The recipient or the recipient's responsible party, in conjunction with the county public health nurse, shall determine:

(1) whether shared ~~care~~ personal care assistant services is an appropriate option based on the individual needs and preferences of the recipient; and

(2) the amount of shared ~~care~~ services allocated as part of the overall authorization of personal care services.

The recipient or the responsible party, in conjunction with the supervising ~~registered nurse~~ qualified professional, shall ~~approve~~ arrange the setting~~,~~ and grouping~~, and arrangement~~ of shared ~~care~~ services based on the individual needs and preferences of the recipients. Decisions on the selection of recipients to share ~~care~~ services must be based on the ages of the recipients, compatibility, and coordination of their care needs.

(e) The following items must be considered by the recipient or the responsible party and the supervising ~~nurse~~ qualified professional, and documented in the recipient's ~~care plan~~ health service record:

(1) the additional qualifications needed by the personal care assistant to provide care to several recipients in the same setting;

(2) the additional training and supervision needed by the personal care assistant to ensure that the needs of the recipient are met appropriately and safely. The provider must provide on-site supervision by a ~~registered nurse~~ qualified professional within the first 14 days of shared ~~care~~ services, and monthly thereafter;

(3) the setting in which the shared ~~care~~ services will be provided;

(4) the ongoing monitoring and evaluation of the effectiveness and appropriateness of the service and process used to make changes in service or setting; and

(5) a contingency plan which accounts for absence of the recipient in a shared ~~care~~ services setting due to illness or other circumstances and staffing contingencies.

(f) The provider must offer the recipient or the responsible party the option of shared or ~~individual~~ one-on-one personal care assistant ~~care~~ services. The recipient or the responsible party can withdraw from participating in a shared ~~care~~ services arrangement at any time.

(g) In addition to documentation requirements under Minnesota Rules, part 9505.2175, a personal care provider must meet documentation requirements for shared personal care assistant services and must document the following in the health service record for each individual recipient sharing ~~care~~ services:

(1) ~~authorization~~ permission by the recipient or the recipient's responsible party, if any, for the maximum number of shared ~~care~~ services hours per week chosen by the recipient;

(2) ~~authorization~~ permission by the recipient or the recipient's responsible party, if any, for personal care assistant services provided outside the recipient's residence;

(3) ~~authorization~~ permission by the recipient or the recipient's responsible party, if any, for others to receive shared ~~care~~ services in the recipient's residence;

(4) revocation by the recipient or the recipient's responsible party, if any, of the shared ~~care~~ service authorization, or the shared ~~care~~ service to be provided to others in the recipient's residence, or the shared ~~care~~ service to be provided outside the recipient's residence;

(5) supervision of the shared ~~care~~ personal care assistant services by the ~~supervisory nurse~~ qualified professional, including the date, time of day, number of hours spent supervising the provision of shared ~~care~~ services, whether the supervision was face-to-face or another method of supervision, changes in the recipient's condition, shared ~~care~~ services scheduling issues and recommendations;

(6) documentation by the ~~personal care assistant~~ qualified professional of telephone calls or other discussions with the ~~supervisory nurse~~ personal care assistant regarding services being provided to the recipient; and

(7) daily documentation of the shared ~~care~~ services provided by each identified personal care assistant including:

(i) the names of each recipient receiving shared ~~care~~ services together;

(ii) the setting for the ~~day's care~~ shared services, including the starting and ending times that the recipient received shared ~~care~~ services; and

(iii) notes by the personal care assistant regarding changes in the recipient's condition, problems that may arise from the sharing of ~~care~~ services, scheduling issues, care issues, and other notes as required by the ~~supervising nurse~~ qualified professional.

(h) Unless otherwise provided in this subdivision, all other statutory and regulatory provisions relating to personal care services apply to shared ~~care~~ services.

Nothing in this subdivision shall be construed to reduce the total number of hours authorized for an individual recipient.

Sec. 49. Minnesota Statutes 1998, section 256B.0627, is amended by adding a subdivision to read:

Subd. 9. [FLEXIBLE USE OF PERSONAL CARE ASSISTANT HOURS.] (a) The commissioner may allow for the flexible use of personal care assistant hours. "Flexible use" means the scheduled use of authorized hours of personal care assistant services which vary within the length of the service authorization in order to more effectively meet the needs and schedule of the recipient. Recipients may use their approved hours flexibly within the service authorization period for medically necessary covered services specified in the assessment required in subdivision 1. The flexible use of authorized hours does not increase the total amount of authorized hours available to a recipient as determined under subdivision 5. The commissioner shall not authorize additional personal care assistant services to supplement a service authorization that is exhausted before the end date under a flexible service use plan, unless the county public health nurse determines a change in condition and a need for increased services is established.

(b) The recipient or responsible party, together with the county public health nurse, shall determine whether flexible use is an appropriate option based on the needs and preferences of the recipient or responsible party, and, if appropriate, must ensure that the allocation of hours covers the ongoing needs of the recipient over the entire service authorization period. As part of the assessment and service planning process, the recipient or responsible party works with the county public health nurse to develop a written month-to-month plan of the projected use of personal care assistant services that is part of the service plan and assures that:

(1) health and safety needs of the recipient will be met;

(2) total annual authorization will not exceed before the end date; and

(3) actual use of hours will be monitored.

(c) If the actual use of personal care assistant service varies significantly from the use projected in the plan, the written plan must be promptly updated by the recipient or responsible party and the county public health nurse.

(d) The recipient or responsible party, together with the provider, must work to monitor and document the use of authorized hours and ensure that a recipient is able to manage services effectively throughout the authorized period. The provider must assure that the month to month plan is incorporated into the care plan. Upon request of the recipient or responsible party, the provider must furnish regular updates to the recipient or responsible party on the amount of personal care assistant services used.

(e) The recipient or responsible party may revoke the authorization for flexible use of hours by notifying the provider and the county public health nurse in writing.

(f) If the requirements in paragraphs (a) to (e) have not substantially been met, the commissioner shall deny, revoke, or suspend the authorization to use authorized hours flexibly. The recipient or responsible party may appeal the commissioner's action according to section 256.045. The denial, revocation, or suspension to use the flexible hours option shall not affect the recipient's authorized level of personal care assistant services as determined under subdivision 5.

Sec. 50. Minnesota Statutes 1998, section 256B.0627, is amended by adding a subdivision to read:

Subd. 10. [FISCAL AGENT OPTION AVAILABLE FOR PERSONAL CARE ASSISTANT SERVICES.] (a) "Fiscal agent option" is an option that allows the recipient to:

(1) use a fiscal agent instead of a personal care provider organization;

(2) supervise the personal care assistant; and

(3) use a consulting professional. The commissioner may allow a recipient of personal care assistant services to use a fiscal agent to assist the recipient in paying and accounting for medically necessary covered personal care assistant services authorized in subdivision 4 and within the payment parameters of subdivision 5. Unless otherwise provided in this subdivision, all other statutory and regulatory provisions relating to personal care services apply to a recipient using the fiscal agent option.

(b) The recipient or responsible party shall:

(1) hire, and terminate the personal care assistant and consulting professional, with the fiscal agent;

(2) recruit the personal care assistant and consulting professional and orient and train the personal care assistant in areas that do not require professional delegation as determined by the county public health nurse;

(3) supervise and evaluate the personal care assistant in areas that do not require professional delegation as determined in the assessment;

(4) cooperate with a consulting professional and implement recommendations pertaining to the health and safety of the recipient;

(5) hire a qualified professional to train and supervise the performance of delegated tasks done by the personal care assistant;

(6) monitor services and verify in writing the hours worked by the personal care assistant and the consulting professional;

(7) develop and revise a care plan with assistance from a consulting professional;

(8) verify and document the credentials of the consulting professional; and

(9) enter into a written agreement, as specified in paragraph (f).

(c) The duties of the fiscal agent shall be to:

(1) bill the medical assistance program for personal care assistant and consulting professional services;

(2) request and secure background checks on personal care assistants and consulting professionals according to section 245A.04;

(3) pay the personal care assistant and consulting professional based on actual hours of services provided;

(4) withhold and pay all applicable federal and state taxes;

(5) verify and document hours worked by the personal care assistant and consulting professional;

(6) make the arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;

(7) enroll in the medical assistance program as a fiscal agent; and

(8) enter into a written agreement as specified in paragraph (f) before services are provided.

(d) The fiscal agent:

(1) may not be related to the recipient, consulting professional, or the personal care assistant;

(2) must ensure arm's length transactions with the recipient and personal care assistant; and

(3) shall be considered a joint employer of the personal care assistant and consulting professional to the extent specified in this section.

The fiscal agent or owners of the entity that provides fiscal agent services under this subdivision must pass a criminal background check as required in section 256B.0627, subdivision 1, paragraph (e).

(e) The consulting professional providing assistance to the recipient shall meet the qualifications specified in section 256B.0625, subdivision 19c. The professional shall assist the recipient in developing and revising a plan to meet the recipient's assessed needs, and supervise the performance of delegated tasks, as determined by the public health nurse. In performing this function, the professional must visit the recipient in the recipient's home at least once annually. The professional must report to the local county public health nurse concerns relating to the health and safety of the recipient, and any suspected abuse, neglect, or financial exploitation of the recipient to the appropriate authorities.

(f) The fiscal agent, recipient or responsible party, personal care assistant, and consulting professional shall enter into a written agreement before services are started. The agreement shall include:

(1) the duties of the recipient, professional, personal care assistant, and fiscal agent based on paragraphs (a) to (e);

(2) the salary and benefits for the personal care assistant and those providing professional consultation;

(3) the administrative fee of the fiscal agent and services paid for with that fee, including background check fees;

(4) procedures to respond to billing or payment complaints; and

(5) procedures for hiring and terminating the personal care assistant and those providing professional consultation.

(g) The rates paid for personal care services, professional assistance, and fiscal agency services under this subdivision shall be the same rates paid for personal care services and qualified professional services under subdivision 2 respectively. Except for the administrative fee of the fiscal agent specified in paragraph (f), the remainder of the rates paid to the fiscal agent must be used to pay for the salary and benefits for the personal care assistant or those providing professional consultation.

(h) As part of the assessment defined in subdivision 1, the following conditions must be met to use or continue use of a fiscal agent:

(1) the recipient must be able to direct the recipient's own care, or the responsible party for the recipient must be readily available to direct the care of the personal care assistant;

(2) the recipient or responsible party must be knowledgeable of the health care needs of the recipient and be able to effectively communicate those needs;

(3) a face-to-face assessment must be conducted by the local county public health nurse at least annually, or when there is a significant change in the recipient's condition or change in the need for personal care assistant services. The county public health nurse shall determine the services that require professional delegation, if any, and the amount and frequency of related supervision;

(4) the recipient cannot select the shared services option as specified in subdivision 8; and

(5) parties must be in compliance with the written agreement specified in paragraph (f).

(i) The commissioner shall deny, revoke, or suspend the authorization to use the fiscal agent option if:

(1) it has been determined by the consulting professional or local county public health nurse that the use of this option jeopardizes the recipient's health and safety;

(2) the parties have failed to comply with the written agreement specified in paragraph (f); or

(3) the use of the option has led to abusive or fraudulent billing for personal care assistant services.

The recipient or responsible party may appeal the commissioner's action according to section 256.045. The denial, revocation, or suspension to use the fiscal agent option shall not affect the recipient's authorized level of personal care assistant services as determined in subdivision 5. The effective date of this subdivision is the date of federal approval.

Sec. 51. Minnesota Statutes 1998, section 256B.0627, is amended by adding a subdivision to read:

Subd. 11. [SHARED PRIVATE DUTY NURSING CARE OPTION.] (a) Medical assistance payments for shared private duty nursing services by a private duty nurse shall be limited according to this subdivision. For the purposes of this section, "private duty nursing agency" means an agency licensed under chapter 144A to provide private duty nursing services.

(b) Recipients of private duty nursing services may share nursing staff and the commissioner shall provide a rate methodology for shared private duty nursing. For two persons sharing nursing care, the rate paid to a provider shall not exceed 1.5 times the nonwaivered private duty nursing rates paid for serving a single individual who is not ventilator-dependent, by a registered nurse or licensed practical nurse. These rates apply only to situations in which both recipients are present and receive shared private duty nursing care on the date for which the service is billed. No more than two persons may receive shared private duty nursing services from a private duty nurse in a single setting.

(c) Shared private duty nursing care is the provision of nursing services by a private duty nurse to two recipients at the same time and in the same setting. For the purposes of this subdivision, "setting" means:

(1) the home or foster care home of one of the individual recipients; or

(2) a child care program licensed under chapter 245A or operated by a local school district or private school; or

(3) an adult day care service licensed under chapter 245A.

This subdivision does not apply when a private duty nurse is caring for multiple recipients in more than one setting.

(d) The recipient or the recipient's legal representative, and the recipient's physician, in conjunction with the home health care agency, shall determine:

(1) whether shared private duty nursing care is an appropriate option based on the individual needs and preferences of the recipient; and

(2) the amount of shared private duty nursing services authorized as part of the overall authorization of nursing services.

(e) The recipient or the recipient's legal representative, in conjunction with the private duty nursing agency, shall approve the setting, grouping, and arrangement of shared private duty nursing care based on the individual needs and preferences of the recipients. Decisions on the selection of recipients to share services must be based on the ages of the recipients, compatibility, and coordination of their care needs.

(f) The following items must be considered by the recipient or the recipient's legal representative and the private duty nursing agency, and documented in the recipient's health service record:

(1) the additional training needed by the private duty nurse to provide care to several recipients in the same setting and to ensure that the needs of the recipients are met appropriately and safely;

(2) the setting in which the shared private duty nursing care will be provided;

(3) the ongoing monitoring and evaluation of the effectiveness and appropriateness of the service and process used to make changes in service or setting;

(4) a contingency plan which accounts for absence of the recipient in a shared private duty nursing setting due to illness or other circumstances;

(5) staffing backup contingencies in the event of employee illness or absence; and

(6) arrangements for additional assistance to respond to urgent or emergency care needs of the recipients.

(g) The provider must offer the recipient or responsible party the option of shared or one-on-one private duty nursing services. The recipient or responsible party can withdraw from participating in a shared service arrangement at any time.

(h) The private duty nursing agency must document the following in the health service record for each individual recipient sharing private duty nursing care:

(1) permission by the recipient or the recipient's legal representative for the maximum number of shared nursing care hours per week chosen by the recipient;

(2) permission by the recipient or the recipient's legal representative for shared private duty nursing services provided outside the recipient's residence;

(3) permission by the recipient or the recipient's legal representative for others to receive shared private duty nursing services in the recipient's residence;

(4) revocation by the recipient or the recipient's legal representative of the shared private duty nursing care authorization, or the shared care to be provided to others in the recipient's residence, or the shared private duty nursing services to be provided outside the recipient's residence; and

(5) daily documentation of the shared private duty nursing services provided by each identified private duty nurse, including:

(i) the names of each recipient receiving shared private duty nursing services together;

(ii) the setting for the shared services, including the starting and ending times that the recipient received shared private duty nursing care; and

(iii) notes by the private duty nurse regarding changes in the recipient's condition, problems that may arise from the sharing of private duty nursing services, and scheduling and care issues.

(i) Unless otherwise provided in this subdivision, all other statutory and regulatory provisions relating to private duty nursing services apply to shared private duty nursing services.

Nothing in this subdivision shall be construed to reduce the total number of private duty nursing hours authorized for an individual recipient under subdivision 5.

Sec. 52. Minnesota Statutes 1998, section 256B.0635, subdivision 3, is amended to read:

Subd. 3. [MEDICAL ASSISTANCE FOR MFIP-S PARTICIPANTS WHO OPT TO DISCONTINUE MONTHLY CASH ASSISTANCE.] ~~Upon federal approval,~~ Medical assistance is available to persons who ~~received MFIP-S in at least three of the six months preceding the month in which the person opted~~ opt to discontinue receiving MFIP-S cash assistance under section 256J.31, subdivision 12. A person who is eligible for medical assistance under this section may receive medical assistance without reapplication as long as the person meets MFIP-S eligibility requirements~~, unless the assistance unit does not include a dependent child~~. Medical assistance may be paid pursuant to subdivisions 1 and 2 for persons who are no longer eligible for MFIP-S due to increased employment or child support. A person may be eligible for MinnesotaCare due to increased employment or child support, and as such must be informed of the option to transition onto MinnesotaCare.

Sec. 53. [256B.0914] [CONFLICTS OF INTEREST RELATED TO MEDICAID EXPENDITURES.]

Subdivision 1. [DEFINITIONS.] (a) "Contract" means a written, fully executed agreement for the purchase of goods and services involving a substantial expenditure of Medicaid funding. A contract under a renewal period shall be considered a separate contract.

(b) "Contractor bid or proposal information" means cost or pricing data, indirect costs, and proprietary information marked as such by the bidder in accordance with applicable law.

(c) "Particular expenditure" means a substantial expenditure as defined below, for a specified term, involving specific parties. The renewal of an existing contract for the substantial expenditure of Medicaid funds is considered a separate, particular expenditure from the original contract.

(d) "Source selection information" means any of the following information prepared for use by the state, county, or independent contractor for the purpose of evaluating a bid or proposal to enter into a Medicaid procurement contract, if that information has not been previously made available to the public or disclosed publicly:

(1) bid prices submitted in response to a solicitation for sealed bids, or lists of the bid prices before bid opening;

(2) proposed costs or prices submitted in response to a solicitation, or lists of those proposed costs or prices;

(3) source selection plans;

(4) technical evaluations plans;

(5) technical evaluations of proposals;

(6) cost or price evaluation of proposals;

(7) competitive range determinations that identify proposals that have a reasonable chance of being selected for award of a contract;

(8) rankings of bids, proposals, or competitors;

(9) the reports and evaluations of source selection panels, boards, or advisory councils; and

(10) other information marked as "source selection information" based on a case-by-case determination by the head of the agency, contractor, designees, or the contracting officer that disclosure of the information would jeopardize the integrity or successful completion of the Medicaid procurement to which the information relates.

(e) "Substantial expenditure" and "substantial amounts" mean a purchase of goods or services in excess of $10,000,000 in Medicaid funding under this chapter or chapter 256L.

Subd. 2. [APPLICABILITY.] (a) Unless provided otherwise, this section applies to:

(1) any state or local officer, employee, or independent contractor who is responsible for the substantial expenditures of medical assistance or MinnesotaCare funding under this chapter or chapter 256L for which federal Medicaid matching funds are available;

(2) any individual who formerly was such an officer, employee, or independent contractor; and

(3) any partner of such a state or local officer, employee, or independent contractor.

(b) This section is intended to meet the requirements of state participation in the Medicaid program at United States Code, title 42, sections 1396a(a)(4) and 1396u-2(d)(3), which require that states have in place restrictions against conflicts of interest in the Medicaid procurement process, that are at least as stringent as those in effect under United States Code, title 41, section 423, and title 18, sections 207 and 208, as they apply to federal employees.

Subd. 3. [DISCLOSURE OF PROCUREMENT INFORMATION.] A person described in subdivision 2 may not knowingly disclose contractor bid or proposal information, or source selection information before the award by the state, county, or independent contractor of a Medicaid procurement contract to which the information relates unless the disclosure is otherwise authorized by law. No person, other than as provided by law, shall knowingly obtain contractor bid or proposal information or source selection information before the award of a Medicaid procurement contract to which the information relates.

Subd. 4. [OFFERS OF EMPLOYMENT.] When a person described in subdivision 2, paragraph (a), is participating personally and substantially in a Medicaid procurement for a contract contacts or is contacted by a person who is a bidder or offeror in the same procurement regarding possible employment outside of the entity by which the person is currently employed, the person must:

(1) report the contact in writing to the person's supervisor and employer's ethics officer; and

(2) either:

(i) reject the possibility of employment with the bidder or offeror; or

(ii) be disqualified from further participation in the procurement until the bidder or offeror is no longer involved in that procurement, or all discussions with the bidder or offeror regarding possible employment have terminated without an arrangement for employment. A bidder or offeror may not engage in employment discussions with an official who is subject to this subdivision, until the bidder or offeror is no longer involved in that procurement.

Subd. 5. [ACCEPTANCE OF COMPENSATION BY A FORMER OFFICIAL.] (a) A former official of the state or county, or a former independent contractor, described in subdivision 2 may not accept compensation from a Medicaid contractor of a substantial expenditure as an employee, officer, director, or consultant of the contractor within one year after the former official or independent contractor:

(1) served as the procuring contracting officer, the source selection authority, a member of the source selection evaluation board, or the chief of a financial or technical evaluation team in a procurement in which the contractor was selected for award;

(2) served as the program manager, deputy program manager, or administrative contracting officer for a contract awarded to the contractor; or

(3) personally made decisions for the state, county, or independent contractor to:

(i) award a contract, subcontract, modification of a contract or subcontract, or a task order or delivery order to the contractor;

(ii) establish overhead or other rates applicable to a contract or contracts with the contractor;

(iii) approve issuance of a contract payment or payments to the contractor; or

(iv) pay or settle a claim with the contractor.

(b) Paragraph (a) does not prohibit a former official of the state, county, or independent contractor from accepting compensation from any division or affiliate of a contractor not involved in the same or similar products or services as the division or affiliate of the contractor that is responsible for the contract referred to in paragraph (a), clause (1), (2), or (3).

(c) A contractor shall not provide compensation to a former official knowing that the former official is accepting that compensation in violation of this subdivision.

Subd. 6. [PERMANENT RESTRICTIONS ON REPRESENTATION AND COMMUNICATION.] (a) A person described in subdivision 2, after termination of his or her service with state, county, or independent contractor, is permanently restricted from knowingly making, with the intent to influence, any communication to or appearance before an officer or employee of a department, agency, or court of the United States, the state of Minnesota and its counties in connection with a particular expenditure:

(1) in which the United States, the state of Minnesota, or a Minnesota county is a party or has a direct and substantial interest;

(2) in which the person participated personally and substantially as an officer, employee, or independent contractor; and

(3) which involved a specific party or parties at the time of participation.

(b) For purposes of this subdivision and subdivisions 7 and 9, "participated" means an action taken through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or other such action.

Subd. 7. [TWO-YEAR RESTRICTIONS ON REPRESENTATION AND COMMUNICATION.] No person described in subdivision 2, within two years after termination of service with the state, county, or independent contractor, shall knowingly make, with the intent to influence, any communication to or appearance before any officer or employee of any government department, agency, or court in connection with a particular expenditure:

(1) in which the United States, the state of Minnesota, or a Minnesota county is a party or has a direct and substantial interest;

(2) which the person knows or reasonably should know was actually pending under the official's responsibility as an officer, employee, or independent contractor within one year before the termination of the official's service with the state, county, or independent contractor; and

(3) which involved a specific party or parties at the time the expenditure was pending.

Subd. 8. [EXCEPTIONS TO PERMANENT AND TWO-YEAR RESTRICTIONS ON REPRESENTATION AND COMMUNICATION.] Subdivisions 6 and 7 do not apply to:

(1) communications or representations made in carrying out official duties on behalf of the United States, the state of Minnesota or local government, or as an elected official of the state or local government;

(2) communications made solely for the purpose of furnishing scientific or technological information; or

(3) giving testimony under oath. A person subject to subdivisions 6 and 7 may serve as an expert witness in that matter, without restriction, for the state, county, or independent contractor. Under court order, a person subject to subdivisions 6 and 7 may serve as an expert witness for others. Otherwise, the person may not serve as an expert witness in that matter.

Subd. 9. [WAIVER.] The commissioner of human services, or the governor in the case of the commissioner, may grant a waiver of a restriction in subdivisions 6 and 7 if he or she determines that a waiver is in the public interest and that the services of the officer or employee are critically needed for the benefit of the state or county government.

Subd. 10. [ACTS AFFECTING A PERSONAL FINANCIAL INTEREST.] A person described in subdivision 2, paragraph (a), clause (1), who participates in a particular expenditure in which the person has knowledge or has a financial interest, is subject to the penalties in subdivision 12. For purposes of this subdivision, "financial interest" also includes the financial interest of a spouse, minor child, general partner, organization in which the officer or employee is serving as an officer, director, trustee, general partner, or employee, or any person or organization with whom the individual is negotiating or has any arrangement concerning prospective employment.

Subd. 11. [EXCEPTIONS TO PROHIBITIONS REGARDING FINANCIAL INTEREST.] Subdivision 10 does not apply if:

(1) the person first advises the person's supervisor and the employer's ethics officer regarding the nature and circumstances of the particular expenditure and makes full disclosure of the financial interest and receives in advance a written determination made by the commissioner of human services, or the governor in the case of the commissioner, that the interest is not so substantial as to likely affect the integrity of the services which the government may expect from the officer, employee, or independent contractor;

(2) the financial interest is listed as an exemption at Code of Federal Regulations, title 5, sections 2640.201 to 2640.203, as too remote or inconsequential to affect the integrity of the services of the office, employee, or independent contractor to which the requirement applies.

Subd. 12. [CRIMINAL PENALTIES.] (a) A person who violates subdivisions 3 to 5 for the purpose of either exchanging the information covered by this section for anything of value, or for obtaining or giving anyone a competitive advantage in the award of a Medicaid contract, may be sentenced to imprisonment for not more than five years or payment of a fine of not more than $50,000 for each violation, or the amount of compensation which the person received or offered for the prohibited conduct, whichever is greater, or both.

(b) A person who violates a provision of subdivisions 6 to 11 may be sentenced to imprisonment for not more than one year or payment of a fine of not more than $50,000 for each violation or the amount of compensation which the person received or offered for the prohibited conduct, whichever amount is greater, or both. A person who willfully engages in conduct in violation of subdivisions 6 to 11 may be sentenced to imprisonment for not more than five years or to payment of fine of not more than $50,000 for each violation or the amount of compensation which the person received or offered for the prohibited conduct, whichever amount is greater, or both.

(c) Nothing in this section precludes prosecution under other laws such as section 609.43.

Subd. 13. [CIVIL PENALTIES AND INJUNCTIVE RELIEF.] (a) The Minnesota attorney general may bring a civil action in Ramsey county district court against a person who violates subdivisions 3 to 5. Upon proof of such conduct by a preponderance of evidence, the person is subject to a civil penalty. An individual who violates subdivisions 3 to 5 is subject to a civil penalty of not more than $50,000 for each violation plus twice the amount of compensation which the individual received or offered for the prohibited conduct. An organization that violates subdivisions 3 to 5 is subject to a civil penalty of not more than $500,000 for each violation plus twice the amount of compensation which the organization received or offered for the prohibited conduct.

(b) If the Minnesota attorney general has reason to believe that a person is engaging in conduct in violation of subdivision 6, 7, or 9, the attorney general may petition the Ramsey county district court for an order prohibiting that person from engaging in such conduct. The court may issue an order prohibiting that person from engaging in such conduct if the court finds that the conduct constitutes such a violation. The filing of a petition under this subdivision does not preclude any other remedy which is available by law.

Subd. 14. [ADMINISTRATIVE ACTIONS.] (a) If a state agency, local agency, or independent contractor receives information that a contractor or a person has violated subdivisions 3 to 5, the state agency, local agency, or independent contractor may:

(1) cancel the procurement if a contract has not already been awarded;

(2) rescind the contract; or

(3) initiate suspension or debarment proceedings according to applicable state or federal law.

(b) If the contract is rescinded, the state agency, local agency, or independent contractor is entitled to recover, in addition to any penalty prescribed by law, the amount expended under the contract.

(c) This section does not:

(1) restrict the disclosure of information to or from any person or class of persons authorized to receive that information;

(2) restrict a contractor from disclosing the contractor's bid or proposal information or the recipient from receiving that information;

(3) restrict the disclosure or receipt of information relating to a Medicaid procurement after it has been canceled by the state agency, county agency, or independent contractor before the contract award unless the agency or independent contractor plans to resume the procurement; or

(4) limit the applicability of any requirements, sanctions, contract penalties, and remedies established under any other law or regulation.

(d) No person may file a protest against the award or proposed award of a Medicaid contract alleging a violation of this section unless that person reported the information the person believes constitutes evidence of the offense to the applicable state agency, local agency, or independent contractor responsible for the procurement. The report must be made no later than 14 days after the person first discovered the possible violation.

Sec. 54. Minnesota Statutes 1998, section 256B.0916, is amended to read:

256B.0916 [EXPANSION OF HOME AND COMMUNITY-BASED SERVICES; MANAGEMENT AND ALLOCATION RESPONSIBILITIES.]

~~(a) The commissioner shall expand availability of home and community-based services for persons with mental retardation and related conditions to the extent allowed by federal law and regulation and shall assist counties in transferring persons from semi-independent living services to home and community-based services. The commissioner may transfer funds from the state semi-independent living services account available under section 252.275, subdivision 8, and state community social services aids available under section 256E.15 to the medical assistance account to pay for the nonfederal share of nonresidential and residential home and community-based services authorized under section 256B.092 for persons transferring from semi-independent living services.~~

~~(b) Upon federal approval, county boards are not responsible for funding semi-independent living services as a social service for those persons who have transferred to the home and community-based waiver program as a result of the expansion under this subdivision. The county responsibility for those persons transferred shall be assumed under section 256B.092. Notwithstanding the provisions of section 252.275, the commissioner shall continue to allocate funds under that section for semi-independent living services and county boards shall continue to fund services under sections 256E.06 and 256E.14 for those persons who cannot access home and community-based services under section 256B.092.~~

~~(c) Eighty percent of the state funds made available to the commissioner under section 252.275 as a result of persons transferring from the semi-independent living services program to the home and community-based services program shall be used to fund additional persons in the semi-independent living services program.~~

~~(d) Beginning August 1, 1998, the commissioner shall issue an annual report on the home and community-based waiver for persons with mental retardation or related conditions, that includes a list of the counties in which less than 95 percent of the allocation provided, excluding the county waivered services reserve, has been committed for two or more quarters during the previous state fiscal year. For each listed county, the report shall include the amount of funds allocated but not used, the number and ages of individuals screened and waiting for services, the services needed, a description of the technical assistance provided by the commissioner to assist the counties in jointly planning with other counties in order to serve more persons, and additional actions which will be taken to serve those screened and waiting for services.~~

Subdivision 1. [REDUCTION OF WAITING LIST.] (a) The legislature recognizes that as of January 1, 1999, 3,300 persons with mental retardation or related conditions have been screened and determined eligible for the home and community-based waiver services program for persons with mental retardation or related conditions. Many wait for several years before receiving service.

(b) The waiting list for this program shall be reduced or eliminated by June 30, 2003. In order to reduce the number of eligible persons waiting for identified services provided through the home and community-based waiver for persons with mental retardation or related conditions, funding shall be increased to add 250 additional eligible persons each year beyond the November 1998 medical assistance forecast for the period July 1, 1999, to June 30, 2003.

Subd. 2. [DISTRIBUTION OF FUNDS; PARTNERSHIPS.] (a) Beginning with fiscal year 2000, the commissioner shall distribute all funding available for home and community-based waiver services for persons with mental retardation or related conditions to individual counties or to groups of counties that form partnerships to jointly plan, administer, and authorize funding for eligible individuals. The commissioner shall encourage counties to form partnerships that have a sufficient number of recipients and funding to adequately manage the risk and maximize use of available resources.

(b) Counties must submit a request for funds and a plan for administering the program as required by the commissioner. The plan must identify the number of clients to be served, their ages, and their priority listing based on:

(1) requirements in Minnesota Rules, part 9525.1880;

(2) unstable living situations due to the age or incapacity of the primary caregiver; and

(3) the need for services to avoid out-of-home placement of children.

The plan must also identify changes made to improve services to eligible persons and to improve program management.

(c) In allocating resources to counties, priority must be given to groups of counties that form partnerships to jointly plan, administer, and authorize funding for eligible individuals and to counties determined by the commissioner to have sufficient waiver capacity to maximize resource use.

(d) Within 30 days after receiving the county request for funds and plans, the commissioner shall provide a written response to the plan that includes the level of resources available to serve additional persons.

(e) Counties are eligible to receive medical assistance administrative reimbursement for administrative costs under criteria established by the commissioner.

Subd. 3. [FAILURE TO DEVELOP PARTNERSHIPS OR SUBMIT A PLAN.] (a) By October 1 of each year the commissioner shall notify the county board if any county determined by the commissioner to have insufficient capacity to maximize use of available resources fails to develop a partnership with other counties or fails to submit a plan as required in subdivision 2. The commissioner shall provide needed technical assistance to a county or group of counties that fails to form a partnership or submit a plan. If a county has not joined a county partnership or submitted a plan within 30 days following the notice by the commissioner of its failure, the commissioner shall require and assist that county to develop a plan or contract with another county or group of counties to plan and administer the waiver services program in that county.

(b) Counties may request technical assistance, management information, and administrative support from the commissioner at any time. The commissioner shall respond to county requests within 30 days. Priority shall be given to activities that support the administrative needs of newly formed county partnerships.

Subd. 4. [ALLOWED RESERVE.] Counties or groups of counties participating in partnerships that have submitted a plan under this section may develop an allowed reserve amount to meet crises and other unmet needs of current home and community-based waiver recipients. The amount of the allowed reserve shall be a county specific amount based upon documented past experience and projected need for the coming year described in an allowed reserve plan submitted for approval to the commissioner with the allocation request for the fiscal year.

Subd. 5. [PRIORITIES FOR REASSIGNMENT OF RESOURCES AND APPROVAL OF INCREASED CAPACITY.] In order to maximize the number of persons served with waiver funds, the commissioner shall monitor county utilization of allocated resources and, as appropriate, reassign resources not utilized and approve increased capacity within available county allocations. Priority consideration for reassignment of resources and approval of increased capacity shall be given to counties with sufficient capacity and counties that form partnerships. In addition to the priorities listed in Minnesota Rules, part 9525.1880, the commissioner shall also give priority consideration to persons whose living situations are unstable due to the age or incapacity of the primary caregiver and to children to avoid out-of-home placement.

Subd. 6. [WAIVER REQUEST.] (a) The commissioner shall submit to the federal Health Care Financing Administration by September 1, 1999, a request for a waiver to include an option that would allow waiver service recipients to directly receive 95 percent of the funds that would be allocated to individuals based on written county criteria and procedures approved by the commissioner for the purchase of services to meet their long-term care needs. The waiver request must include a provision requiring recipients who receive funds directly to provide to the commissioner annually, a description of the type of services used, the amount paid for the services purchased, and the amount of unspent funds.

(b) The commissioner, in cooperation with county representatives, waiver service providers, recipients, recipients' families, legal guardians, and advocacy groups, shall develop criteria for:

(1) eligibility to receive funding directly;

(2) determination of the amount of funds made available to each eligible person based on need; and

(3) the accountability required of persons directly receiving funds.

(c) If this waiver is approved and implemented, any unspent money from the waiver services allocation, including the five percent not directly allocated to recipients and any unspent portion of the money that is directly allocated, shall be used to meet the needs of other eligible persons waiting for services funded through the waiver.

(d) The commissioner, in consultation with county social services agencies, waiver services providers, recipients, recipients' families, legal guardians, and advocacy groups shall evaluate the effectiveness of this option within two years of its implementation.

Subd. 7. [ANNUAL REPORT BY COMMISSIONER.] Beginning October 1, 1999, and each October 1 thereafter, the commissioner shall issue an annual report on county and state use of available resources for the home and community-based waiver for persons with mental retardation or related conditions. For each county or county partnership, the report shall include:

(1) the amount of funds allocated but not used;

(2) the county specific allowed reserve amount approved and used;

(3) the number, ages and living situations of individuals screened and waiting for services;

(4) the urgency of need for services to begin within one, two, or more than two years for each individual;

(5) the services needed;

(6) the number of additional persons served by approval of increased capacity within existing allocations;

(7) results of action by the commissioner to streamline administrative requirements and improve county resource management; and

(8) additional action that would decrease the number of those eligible and waiting for waivered services.

The commissioner shall specify intended outcomes for the program and the degree to which these specified outcomes are attained.

~~(e)~~ Subd. 8. [FINANCIAL INFORMATION BY COUNTY.] The commissioner shall make available to interested parties, upon request, financial information by county including the amount of resources allocated for the home and community-based waiver for persons with mental retardation and related conditions, the resources committed, the number of persons screened and waiting for services, the type of services requested by those waiting, and the amount of allocated resources not committed.

Subd. 9. [LEGAL REPRESENTATIVE PARTICIPATION EXCEPTION.] The commissioner, in cooperation with representatives of counties, service providers, service recipients, family members, legal representatives and advocates, shall develop criteria to allow legal representatives to be reimbursed for providing specific support services to meet the person's needs when a plan which assures health and safety has been agreed upon and carried out by the legal representative, the person, and the county. Legal representatives providing support under consumer-directed community support services pursuant to section 256B.092, subdivision 4, or the consumer support grant program pursuant to section 256B.092, subdivision 7, shall not be considered to have a direct or indirect service provider interest under section 256B.092, subdivision 7, if a health and safety plan which meets the criteria established has been agreed upon and implemented. By October 1, 1999, the commissioner shall submit, for federal approval, amendments to allow legal representatives to provide supports and receive reimbursement under the consumer-directed community support services section of the home and community-based waiver plan.

Sec. 55. Minnesota Statutes 1998, section 256B.0917, subdivision 8, is amended to read:

Subd. 8. [LIVING-AT-HOME/BLOCK NURSE PROGRAM GRANT.] (a) The organization awarded the contract under subdivision 7, shall develop and administer a grant program to establish or expand up to ~~27~~ 37 community-based organizations that will implement living-at-home/block nurse programs that are designed to enable senior citizens to live as independently as possible in their homes and in their communities. At least one-half of the programs must be in counties outside the seven-county metropolitan area. Nonprofit organizations and units of local government are eligible to apply for grants to establish the community organizations that will implement living-at-home/block nurse programs. In awarding grants, the organization awarded the contract under subdivision 7 shall give preference to nonprofit organizations and units of local government from communities that:

(1) have high nursing home occupancy rates;

(2) have a shortage of health care professionals;

(3) are located in counties adjacent to, or are located in, counties with existing living-at-home/block nurse programs; and

(4) meet other criteria established by LAH/BN, Inc., in consultation with the commissioner.

(b) Grant applicants must also meet the following criteria:

(1) the local community demonstrates a readiness to establish a community model of care, including the formation of a board of directors, advisory committee, or similar group, of which at least two-thirds is comprised of community citizens interested in community-based care for older persons;

(2) the program has sponsorship by a credible, representative organization within the community;

(3) the program has defined specific geographic boundaries and defined its organization, staffing and coordination/delivery of services;

(4) the program demonstrates a team approach to coordination and care, ensuring that the older adult participants, their families, the formal and informal providers are all part of the effort to plan and provide services; and

(5) the program provides assurances that all community resources and funding will be coordinated and that other funding sources will be maximized, including a person's own resources.

(c) Grant applicants must provide a minimum of five percent of total estimated development costs from local community funding. Grants shall be awarded for four-year periods, and the base amount shall not exceed $80,000 per applicant for the grant period. The organization under contract may increase the grant amount for applicants from communities that have socioeconomic characteristics that indicate a higher level of need for assistance. Subject to the availability of funding, grants and grant renewals awarded or entered into on or after July 1, 1997, shall be

renewed by LAH/BN, Inc. every four years, unless LAH/BN, Inc. determines that the grant recipient has not satisfactorily operated the living-at-home/block nurse program in compliance with the requirements of paragraphs (b) and (d). Grants provided to living-at-home/block nurse programs under this paragraph may be used for both program development and the delivery of services.

(d) Each living-at-home/block nurse program shall be designed by representatives of the communities being served to ensure that the program addresses the specific needs of the community residents. The programs must be designed to:

(1) incorporate the basic community, organizational, and service delivery principles of the living-at-home/block nurse program model;

(2) provide senior citizens with registered nurse directed assessment, provision and coordination of health and personal care services on a sliding fee basis as an alternative to expensive nursing home care;

(3) provide information, support services, homemaking services, counseling, and training for the client and family caregivers;

(4) encourage the development and use of respite care, caregiver support, and in-home support programs, such as adult foster care and in-home adult day care;

(5) encourage neighborhood residents and local organizations to collaborate in meeting the needs of senior citizens in their communities;

(6) recruit, train, and direct the use of volunteers to provide informal services and other appropriate support to senior citizens and their caregivers; and

(7) provide coordination and management of formal and informal services to senior citizens and their families using less expensive alternatives.

Sec. 56. Minnesota Statutes 1998, section 256B.0951, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The region 10 quality assurance commission is established. The commission consists of at least ~~13~~ 14 but not more than ~~20~~ 21 members as follows: at least three but not more than five members representing advocacy organizations; at least three but not more than five members representing consumers, families, and their legal representatives; at least three but not more than five members representing service providers; ~~and~~ at least three but not more than five members representing counties; and the commissioner of human services or the commissioner's designee. Initial membership of the commission shall be recruited and approved by the region 10 stakeholders group. Prior to approving the commission's membership, the stakeholders group shall provide to the commissioner a list of the membership in the stakeholders group, as of February 1, 1997, a brief summary of meetings held by the group since July 1, 1996, and copies of any materials prepared by the group for public distribution. The first commission shall establish membership guidelines for the transition and recruitment of membership for the commission's ongoing existence. Members of the commission who do not receive a salary or wages from an employer for time spent on commission duties may receive a per diem payment when performing commission duties and functions. All members may be reimbursed for expenses related to commission activities. Notwithstanding the provisions of section 15.059, subdivision 5, the commission expires on June 30, 2001.

Sec. 57. Minnesota Statutes 1998, section 256B.0951, subdivision 3, is amended to read:

Subd. 3. [COMMISSION DUTIES.] (a) By October 1, 1997, the commission, in cooperation with the commissioners of human services and health, shall do the following: (1) approve an alternative quality assurance licensing system based on the evaluation of outcomes; (2) approve measurable outcomes in the areas of health and safety, consumer evaluation, education and training, providers, and systems that shall be evaluated during the alternative licensing process; and (3) establish variable licensure periods not to exceed three years based on outcomes achieved. For purposes of this subdivision, "outcome" means the behavior, action, or status of a person that can be observed or measured and can be reliably and validly determined.

(b) By January 15, 1998, the commission shall approve, in cooperation with the commissioner of human services, a training program for members of the quality assurance teams established under section 256B.0952, subdivision 4.

(c) The commission and the commissioner shall establish an ongoing review process for the alternative quality assurance licensing system. The review shall take into account the comprehensive nature of the alternative system, which is designed to evaluate the broad spectrum of licensed and unlicensed entities that provide services to clients, as compared to the current licensing system.

(d) The commission shall contract with an independent entity to conduct a financial review of the alternative quality assurance pilot project. The review shall take into account the comprehensive nature of the alternative system, which is designed to evaluate the broad spectrum of licensed and unlicensed entities that provide services to clients, as compared to the current licensing system. The review shall include an evaluation of possible budgetary savings within the department of human services as a result of implementation of the alternative quality assurance pilot project. If a federal waiver is approved under subdivision 7, the financial review shall also evaluate possible savings within the department of health. This review must be completed by December 15, 2000.

(e) The commission shall submit a report to the legislature by January 15, 2001, on the results of the review process for the alternative quality assurance pilot project, a summary of the results of the independent financial review, and a recommendation on whether the pilot project should be extended beyond June 30, 2001.

Sec. 58. Minnesota Statutes 1998, section 256B.0955, is amended to read:

256B.0955 [DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.]

(a) Effective July 1, 1998, the commissioner of human services shall delegate authority to perform licensing functions and activities, in accordance with section 245A.16, to counties participating in the alternative licensing system. The commissioner shall not license or reimburse a facility, program, or service for persons with developmental disabilities in a county that participates in the alternative licensing system if the commissioner has received from the appropriate county notification that the facility, program, or service has been reviewed by a quality assurance team and has failed to qualify for licensure.

(b) The commissioner may conduct random licensing inspections based on outcomes adopted under section 256B.0951 at facilities, programs, and services governed by the alternative licensing system. The role of such random inspections shall be to verify that the alternative licensing system protects the safety and well-being of consumers and maintains the availability of high-quality services for persons with developmental disabilities.

(c) The commissioner shall provide technical assistance and support or training to the alternative licensing system pilot project.

~~(d) The commissioner and the commission shall establish an ongoing evaluation process for the alternative licensing system.~~

~~(e) The commissioner shall contract with an independent entity to conduct a financial review of the alternative licensing system, including an evaluation of possible budgetary savings within the department of human services and the department of health as a result of implementation of the alternative quality assurance licensing system. This review must be completed by December 15, 2000.~~

~~(f) The commissioner and the commission shall submit a report to the legislature by January 15, 2001, on the results of the evaluation process of the alternative licensing system, a summary of the results of the independent financial review, and a recommendation on whether the pilot project should be extended beyond June 30, 2001.~~

Sec. 59. Minnesota Statutes 1998, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing facility may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring an applicant for admission to the facility, or the guardian or conservator of the applicant, as a condition of admission, to pay any fee or deposit in excess of $100, loan any money to the nursing facility, or promise to leave all or part of the applicant's estate to the facility.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services chosen by the nursing facility. A nursing facility may require a resident to use pharmacies that utilize unit dose packing systems or other medication administration systems approved by the Minnesota board of pharmacy, and may require a resident to use pharmacies that are able to meet the nursing facility's standards for safe and timely administration of medications such as systems with specific number of doses, prompt delivery of medications, or access to medications on a 24-hour basis. Nursing facilities shall not restrict a resident's choice of pharmacy because the pharmacy utilizes a specific system of unit dose drug packing, providing the system is consistent with the other systems used by the facility.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance or refusal to purchase special services. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing facility care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

The prohibitions set forth in clause (b) shall not apply to a retirement facility with more than 325 beds including at least 150 licensed nursing facility beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) accounts for all of the applicant's assets which are required to be assigned to the facility so that only expenses for the cost of care of the applicant may be charged against the account; and

(3) agrees in writing at the time of admission to the facility to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and

(4) agrees in writing at the time of admission to the facility to permit the applicant to withdraw from the facility at any time and to receive, upon withdrawal, the balance of the applicant's individual account.

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 60. Minnesota Statutes 1998, section 256B.501, subdivision 8a, is amended to read:

Subd. 8a. [PAYMENT FOR PERSONS WITH SPECIAL NEEDS FOR CRISIS INTERVENTION SERVICES.] ~~State-operated,~~ Community-based crisis services ~~provided in accordance with section 252.50, subdivision 7, to~~ authorized by the commissioner or the commissioner's designee for a resident of an intermediate care facility for persons with mental retardation (ICF/MR) reimbursed under this section shall be paid by medical assistance in accordance with the paragraphs (a) to ~~(h)~~ (g).

(a) "Crisis services" means the specialized services listed in clauses (1) to (3) provided to prevent the recipient from requiring placement in a more restrictive institutional setting such as an inpatient hospital or regional treatment center and to maintain the recipient in the present community setting.

(1) The crisis services provider shall assess the recipient's behavior and environment to identify factors contributing to the crisis.

(2) The crisis services provider shall develop a recipient-specific intervention plan in coordination with the service planning team and provide recommendations for revisions to the individual service plan if necessary to prevent or minimize the likelihood of future crisis situations. The intervention plan shall include a transition plan to aid the recipient in returning to the community-based ICF/MR if the recipient is receiving residential crisis services.

(3) The crisis services provider shall consult with and provide training and ongoing technical assistance to the recipient's service providers to aid in the implementation of the intervention plan and revisions to the individual service plan.

(b) "Residential crisis services" means crisis services that are provided to a recipient admitted to ~~the crisis services foster care setting~~ an alternative, state licensed site approved by the commissioner, because the ICF/MR receiving reimbursement under this section is not able, as determined by the commissioner, to provide the intervention and protection of the recipient and others living with the recipient that is necessary to prevent the recipient from requiring placement in a more restrictive institutional setting.

(c) Residential crisis services providers must ~~be licensed by~~ maintain a license from the commissioner ~~under section 245A.03 to provide foster care, must exclusively provide~~ for the residence when providing crisis services for short-term crisis intervention, and must not be located in a private residence.

(d) Payment rates ~~are determined annually for each crisis services provider based on cost of care for each provider as defined in section 246.50. Interim payment rates are calculated on a per diem basis by dividing the projected cost of providing care by the projected number of contact days for the fiscal year, as estimated by the commissioner. Final payment rates are calculated by dividing the actual cost of providing care by the actual number of contact days in the applicable fiscal year~~ will be established consistent with county negotiated crisis intervention services.

(e) ~~Payment shall be made for each contact day. "Contact day" means any day in which the crisis services provider has face-to-face contact with the recipient or any of the recipient's medical assistance service providers for the purpose of providing crisis services as defined in paragraph (c).~~

~~(f)~~ Payment for residential crisis services is limited to 21 days, unless an additional period is authorized by the commissioner or part of an approved regional plan. ~~The additional period may not exceed 21 days.~~

~~(g)~~ (f) Payment for crisis services shall be made only for services provided while the ICF/MR receiving reimbursement under this section:

(1) has a shared services agreement with the crisis services provider in effect ~~in accordance with~~ under section 246.57; and

(2) ~~has reassigned payment for the provision of the crisis services under this subdivision to the commissioner in accordance with Code of Federal Regulations, title 42, section 447.10(e); and~~

~~(3)~~ has executed a cooperative agreement with the crisis services provider to implement the intervention plan and revisions to the individual service plan as necessary to prevent or minimize the likelihood of future crisis situations, to maintain the recipient in the present community setting, and to prevent the recipient from requiring a more restrictive institutional setting.

~~(h)~~ (g) Payment to the ICF/MR receiving reimbursement under this section shall be made for up to 18 therapeutic leave days during which the recipient is receiving residential crisis services, if the ICF/MR is otherwise eligible to receive payment for a therapeutic leave day under Minnesota Rules, part 9505.0415. Payment under this paragraph shall be terminated if the commissioner determines that the ICF/MR is not meeting the terms of the ~~cooperative~~ shared service agreement under paragraph ~~(g)~~ (f) or that the recipient will not return to the ICF/MR.

Sec. 61. Minnesota Statutes 1998, section 256B.69, subdivision 3a, is amended to read:

Subd. 3a. [COUNTY AUTHORITY.] (a) The commissioner, when implementing the general assistance medical care, or medical assistance prepayment program within a county, must include the county board in the process of development, approval, and issuance of the request for proposals to provide services to eligible individuals within the proposed county. County boards must be given reasonable opportunity to make recommendations regarding the development, issuance, review of responses, and changes needed in the request for proposals. The commissioner must provide county boards the opportunity to review each proposal based on the identification of community needs under chapters 145A and 256E and county advocacy activities. If a county board finds that a proposal does not address certain community needs, the county board and commissioner shall continue efforts for improving the proposal and network prior to the approval of the contract. The county board shall make recommendations regarding the approval of local networks and their operations to ensure adequate availability and access to covered services. The provider or health plan must respond directly to county advocates and the state prepaid medical assistance ombudsperson regarding service delivery and must be accountable to the state regarding contracts with medical assistance and general assistance medical care funds. The county board may recommend a maximum number of participating health plans after considering the size of the enrolling population; ensuring adequate access and capacity; considering the client and county administrative complexity; and considering the need to promote the viability of locally developed health plans. The county board or a single entity representing a group of county boards and the commissioner shall mutually select health plans for participation at the time of initial implementation of the prepaid medical assistance program in that county or group of counties and at the time of contract renewal. The commissioner shall also seek input for contract requirements from the county or single entity representing a group of county boards at each contract renewal and incorporate those recommendations into the contract negotiation process. The commissioner, in conjunction with the county board, shall actively seek to develop a mutually agreeable timetable prior to the development of the request for proposal, but counties must agree to initial enrollment beginning on or before January 1, 1999, in either the prepaid medical assistance and general assistance medical care programs or county-based purchasing under section 256B.692. At least 90 days before enrollment in the medical assistance and general assistance medical care prepaid programs begins in a county in which the prepaid programs have not been established, the commissioner shall provide a report to the chairs of senate and house committees having jurisdiction over state health care programs which verifies that the commissioner complied with the requirements for county involvement that are specified in this subdivision.

(b) The commissioner shall seek a federal waiver to allow a fee-for-service plan option to MinnesotaCare enrollees. The commissioner shall develop an increase of the premium fees required under section 256L.06 up to 20 percent of the premium fees for the enrollees who elect the fee-for-service option. Prior to implementation, the commissioner shall submit this fee schedule to the chair and ranking minority member of the senate health care committee, the senate health care and family services funding division, the house of representatives health and human services committee, and the house of representatives health and human services finance division.

(c) At the option of the county board, the board may develop contract requirements related to the achievement of local public health goals to meet the health needs of medical assistance and general assistance medical care enrollees. These requirements must be reasonably related to the performance of health plan functions and within the scope of the medical assistance and general assistance medical care benefit sets. If the county board and the commissioner mutually agree to such requirements, the department shall include such requirements in all health plan contracts governing the prepaid medical assistance and general assistance medical care programs in that county at initial implementation of the program in that county and at the time of contract renewal. The county board may participate in the enforcement of the contract provisions related to local public health goals.

(d) For counties in which prepaid medical assistance and general assistance medical care programs have not been established, the commissioner shall not implement those programs if a county board submits acceptable and timely preliminary and final proposals under section 256B.692, until county-based purchasing is no longer operational in that county. For counties in which prepaid medical assistance and general assistance medical care programs are in existence on or after September 1, 1997, the commissioner must terminate contracts with health plans according to section 256B.692, subdivision 5, if the county board submits and the commissioner accepts preliminary and final proposals according to that subdivision. The commissioner is not required to terminate contracts that begin on or after September 1, 1997, according to section 256B.692 until two years have elapsed from the date of initial enrollment.

(e) In the event that a county board or a single entity representing a group of county boards and the commissioner cannot reach agreement regarding: (i) the selection of participating health plans in that county; (ii) contract requirements; or (iii) implementation and enforcement of county requirements including provisions regarding local public health goals, the commissioner shall resolve all disputes after taking into account the recommendations of a three-person mediation panel. The panel shall be composed of one designee of the president of the association of Minnesota counties, one designee of the commissioner of human services, and one designee of the commissioner of health.

(f) If a county which elects to implement county-based purchasing ceases to implement county-based purchasing, it is prohibited from assuming the responsibility of county-based purchasing for a period of five years from the date it discontinues purchasing.

(g) Notwithstanding the requirement in this subdivision that a county must agree to initial enrollment on or before January 1, 1999, the commissioner shall grant a delay ~~of up to nine months~~ in the implementation of the county-based purchasing authorized in section 256B.692 until federal waiver authority and approval has been granted, if the county or group of counties has submitted a preliminary proposal for county-based purchasing by September 1, 1997, has not already implemented the prepaid medical assistance program before January 1, 1998, and has submitted a written request for the delay to the commissioner by July 1, 1998. In order for the delay to be continued, the county or group of counties must also submit to the commissioner the following information by December 1, 1998. The information must:

(1) identify the proposed date of implementation, ~~not later than October 1, 1999~~ as determined under section 256B.692, subdivision 5;

(2) include copies of the county board resolutions which demonstrate the continued commitment to the implementation of county-based purchasing by the proposed date. County board authorization may remain contingent on the submission of a final proposal which meets the requirements of section 256B.692, subdivision 5, paragraph (b);

(3) demonstrate actions taken for the establishment of a governance structure between the participating counties and describe how the fiduciary responsibilities of county-based purchasing will be allocated between the counties, if more than one county is involved in the proposal;

(4) describe how the risk of a deficit will be managed in the event expenditures are greater than total capitation payments. This description must identify how any of the following strategies will be used:

(i) risk contracts with licensed health plans;

(ii) risk arrangements with providers who are not licensed health plans;

(iii) risk arrangements with other licensed insurance entities; and

(iv) funding from other county resources;

(5) include, if county-based purchasing will not contract with licensed health plans or provider networks, letters of interest from local providers in at least the categories of hospital, physician, mental health, and pharmacy which express interest in contracting for services. These letters must recognize any risk transfer identified in clause (4), item (ii); and

(6) describe the options being considered to obtain the administrative services required in section 256B.692, subdivision 3, clauses (3) and (5).

(h) For counties which receive a delay under this subdivision, the final proposals required under section 256B.692, subdivision 5, paragraph (b), must be submitted at least six months prior to the requested implementation date. Authority to implement county-based purchasing remains contingent on approval of the final proposal as required under section 256B.692.

(i) If the commissioner is unable to provide county-specific, individual-level fee-for-service claims to counties by June 4, 1998, the commissioner shall grant a delay under paragraph (g) of up to 12 months in the implementation of county-based purchasing, and shall require implementation not later than January 1, 2000. In order to receive an extension of the proposed date of implementation under this paragraph, a county or group of counties must submit a written request for the extension to the commissioner by August 1, 1998, must submit the information required under paragraph (g) by December 1, 1998, and must submit a final proposal as provided under paragraph (h).

(j) Notwithstanding other requirements of this subdivision, the commissioner shall not require the implementation of the county-based purchasing authorized in section 256B.692 until six months after federal waiver approval has been obtained for county-based purchasing, if the county or counties have submitted the final plan as required in section 256B.692, subdivision 5. The commissioner shall allow the county or counties which submitted information under section 256B.692, subdivision 5, to submit supplemental or additional information which was not possible to submit by April 1, 1999. A county or counties shall continue to submit the required information and substantive detail necessary to obtain a prompt response and waiver approval. If amendments to the final plan are necessary due to the terms and conditions of the waiver approval, the commissioner shall allow the county or group of counties 60 days to make the necessary amendments to the final plan and shall not require implementation of the county-based purchasing until six months after the revised final plan has been submitted.

Sec. 62. Minnesota Statutes 1998, section 256B.69, is amended by adding a subdivision to read:

Subd. 3b. [PROVISION OF DATA TO COUNTY BOARDS.] The commissioner of human services, in consultation with representatives of county boards of commissioners shall identify program information and data necessary on an ongoing basis for county boards to: (1) make recommendations to the commissioner related to state purchasing under the prepaid medical assistance program; and (2) effectively administer county-based purchasing. This information and data must include, but is not limited to, county-specific, individual-level fee-for-service and prepaid health plan claims information.

Sec. 63. Minnesota Statutes 1998, section 256B.69, is amended by adding a subdivision to read:

Subd. 4b. [INDIVIDUAL EDUCATION PLAN AND INDIVIDUALIZED FAMILY SERVICE PLAN SERVICES.] The commissioner shall amend the federal waiver allowing the state to separate out individual education plan and individualized family service plan services for children enrolled in the prepaid medical assistance program and the MinnesotaCare program. Effective July 1, 1999, or upon federal approval, medical assistance coverage of eligible individual education plan and individualized family service plan services shall not be included in the capitated services for children enrolled in health plans through the prepaid medical assistance program and the MinnesotaCare program. Upon federal approval, local school districts shall bill the commissioner for these services, and claims shall be paid on a fee-for-service basis.

Sec. 64. Minnesota Statutes 1998, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. [MANAGED CARE CONTRACTS.] Managed care contracts under this section, sections 256.9363, and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995.

A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed, subject to the terms and conditions negotiated by the prepaid health plan and the commissioner.

Sec. 65. Minnesota Statutes 1998, section 256B.69, subdivision 5b, is amended to read:

Subd. 5b. [PROSPECTIVE REIMBURSEMENT RATES.] (a) For prepaid medical assistance and general assistance medical care program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 1998, capitation rates for nonmetropolitan counties shall on a weighted average be no less than 88 percent of the capitation rates for metropolitan counties, excluding Hennepin county. The commissioner shall make a pro rata adjustment in capitation rates paid to counties other than nonmetropolitan counties in order to make this provision budget neutral.

(b) For prepaid medical assistance and general assistance medical care program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 2000, capitation rates for nonmetropolitan counties shall, on a weighted average, be no less than 92 percent of the capitation rates for metropolitan counties, excluding Hennepin county. The commissioner shall adjust the capitation rate paid to Hennepin county in order to make this provision budget neutral.

Sec. 66. Minnesota Statutes 1998, section 256B.69, is amended by adding a subdivision to read:

Subd. 5e. [MEDICAL EDUCATION AND RESEARCH PAYMENTS.] For the calendar years 1999, 2000, and 2001, a hospital that participates in funding the federal share of the medical education and research trust fund payment under Laws 1998, chapter 407, article 1, section 3, shall not be held liable for any amounts attributable to this payment above the charge limit of section 256.969, subdivision 3a. The commissioner of human services shall assume liability for any corresponding federal share of the payments above the charge limit.

Sec. 67. Minnesota Statutes 1998, section 256B.692, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE COMMISSIONER OF HEALTH.] (a) Notwithstanding chapters 62D and 62N, a county that elects to purchase medical assistance and general assistance medical care in return for a fixed sum without regard to the frequency or extent of services furnished to any particular enrollee is not required to obtain a certificate of authority under chapter 62D or 62N. The county board of commissioners is the governing body of a county-based purchasing program. In a multicounty arrangement, the governing body is a joint powers board established under section 471.59.

(b) A county that elects to purchase medical assistance and general assistance medical care services under this section must satisfy the commissioner of health that the requirements for assurance of consumer and provider protection and fiscal solvency of chapter 62D, applicable to health maintenance organizations, or chapter 62N, applicable to community integrated service networks, will be met.

(c) A county must also assure the commissioner of health that the requirements of sections 62J.041; 62J.48; 62J.71 to 62J.73; 62M.01 to 62M.16; all applicable provisions of chapter 62Q, including sections 62Q.07; 62Q.075; 62Q.105; 62Q.1055; 62Q.106; 62Q.11; 62Q.12; 62Q.135; 62Q.14; 62Q.145; 62Q.19; 62Q.23, paragraph (c); 62Q.30; 62Q.43; 62Q.47; 62Q.50; 62Q.52 to 62Q.56; 62Q.58; 62Q.64; and 72A.201 will be met.

(d) All enforcement and rulemaking powers available under chapters 62D, 62J, 62M, 62N, and 62Q are hereby granted to the commissioner of health with respect to counties that purchase medical assistance and general assistance medical care services under this section.

(e) The commissioner, in consultation with county government, shall develop administrative and financial reporting requirements for county-based purchasing programs relating to sections 62D.041, 62D.042, 62D.045, 62D.08, 62N.28, 62N.29, and 62N.31, and other sections as necessary, that are specific to county administrative, accounting, and reporting systems and consistent with other statutory requirements of counties.

Sec. 68. Minnesota Statutes 1998, section 256B.75, is amended to read:

256B.75 [HOSPITAL OUTPATIENT REIMBURSEMENT.]

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by ten percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (11), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

(Effective Date: Section 68 (256B.75) is effective for services rendered on or after July 1, 1999.)

Sec. 69. Minnesota Statutes 1998, section 256B.76, is amended to read:

256B.76 [PHYSICIAN AND DENTAL REIMBURSEMENT.]

(a) The physician reimbursement increase provided in section 256B.74, subdivision 2, shall not be implemented. Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Health Care Finance Administration's common procedural coding system (HCPCS) codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," Caesarean delivery and pharmacologic management provided to psychiatric patients, and HCPCS level three codes for enhanced services for prenatal high risk, shall be paid at the

lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; ~~and~~

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992~~.~~;

(4) effective for services rendered on or after October 1, 1999, payment rates for physician and professional services shall be increased by four percent over the rates in effect on September 30, 1999, except for home health agency and family planning agency services;

(5) the department shall present a proposal during the year 2000 legislative session detailing physician and professional services payment methodology conversion to Resource Based Relative Value Scale; and

(6) the increases in clause (4) shall be implemented January 1, 2000, for managed care.

(b) The dental reimbursement increase provided in section 256B.74, subdivision 5, shall not be implemented. Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; ~~and~~

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases~~.~~;

(3) effective for services rendered on or after October 1, 1999, payment rates for dental services shall be increased by five percent over the rates in effect on September 30, 1999;

(4) the department shall increase payments by 20 percent over the October 1, 1999, fee-for-service rates, for those fee-for-service providers for whom public programs under MA, GAMC, and MinnesotaCare account for 20 percent or more of their practice;

(5) the commissioner shall award grants to community clinics or other nonprofit community organizations, political subdivisions, professional associations, or other organizations that demonstrate the ability to provide dental services effectively to public program recipients. Grants may be used to fund the costs related to coordinating access for recipients, developing and implementing patient care criteria, upgrading or establishing new facilities, acquiring furnishings or equipment, recruiting new providers, or other development costs that will improve access to dental care in a region. In awarding grants, the commissioner shall give priority to applicants that plan to serve areas of the state in which the number of dental providers is not currently sufficient to meet the needs of recipients of public programs or uninsured individuals. The commissioner shall monitor the grants and may terminate a grant if the grantee does not increase dental access for public program recipients. The commissioner shall consider grants for the following:

(i) implementation of new programs or continued expansion of current access programs that have demonstrated success in providing dental services in underserved areas;

(ii) a pilot program utilizing dental hygienists and dental assistants to provide education, training, and screening for dental care needs including referrals to dentists for dental care treatment;

(iii) a pilot program for utilizing hygienists outside of a traditional dental office to provide dental hygiene services; and

(iv) a program that organizes a network of volunteer dentists, establishes a system to refer eligible individuals to volunteer dentists, and through that network provides donated dental care services to public program recipients or uninsured individuals.

(6) beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (i) submitted charge, or (ii) 80 percent of median 1997 charges; and

(7) the increases listed in clauses (3), (4), and (6) shall be implemented January 1, 2000, for managed care.

(c) An entity that operates both a Medicare certified comprehensive outpatient rehabilitation facility and a facility which was certified prior to January 1, 1993, that is licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, and for whom at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year are medical assistance recipients, shall be reimbursed by the commissioner for rehabilitation services at rates that are 38 percent greater than the maximum reimbursement rate allowed under paragraph (a), clause (2), when those services are (1) provided within the comprehensive outpatient rehabilitation facility and (2) provided to residents of nursing facilities owned by the entity.

Sec. 70. Minnesota Statutes 1998, section 256B.77, subdivision 7a, is amended to read:

Subd. 7a. [ELIGIBLE INDIVIDUALS.] (a) Persons are eligible for the demonstration project as provided in this subdivision.

(b) "Eligible individuals" means those persons living in the demonstration site who are eligible for medical assistance and are disabled based on a disability determination under section 256B.055, subdivisions 7 and 12, or who are eligible for medical assistance and have been diagnosed as having:

(1) serious and persistent mental illness as defined in section 245.462, subdivision 20;

(2) severe emotional disturbance as defined in section ~~245.487~~ 245.4871, subdivision 6; or

(3) mental retardation, or being a mentally retarded person as defined in section 252A.02, or a related condition as defined in section 252.27, subdivision 1a.

Other individuals may be included at the option of the county authority based on agreement with the commissioner.

(c) ~~Eligible individuals residing on a federally recognized Indian reservation may be excluded from participation in the demonstration project at the discretion of the tribal government based on agreement with the commissioner, in consultation with the county authority.~~

~~(d)~~ Eligible individuals include individuals in excluded time status, as defined in chapter 256G. Enrollees in excluded time at the time of enrollment shall remain in excluded time status as long as they live in the demonstration site and shall be eligible for 90 days after placement outside the demonstration site if they move to excluded time status in a county within Minnesota other than their county of financial responsibility.

~~(e)~~ (d) A person who is a sexual psychopathic personality as defined in section 253B.02, subdivision 18a, or a sexually dangerous person as defined in section 253B.02, subdivision 18b, is excluded from enrollment in the demonstration project.

Sec. 71. Minnesota Statutes 1998, section 256B.77, is amended by adding a subdivision to read:

Subd. 7b. [AMERICAN INDIAN RECIPIENTS.] (a) Beginning on or after July 1, 1999, for American Indian recipients of medical assistance who are required to enroll with a county administrative entity or service delivery organization under subdivision 7, medical assistance shall cover health care services provided at American Indian

health services facilities and facilities operated by a tribe or tribal organization under funding authorized by United States Code, title 25, sections 450f to 450n, or title III of the Indian Self-Determination and Education Assistance Act, Public Law Number 93-638, if those services would otherwise be covered under section 256B.0625. Payments for services provided under this subdivision shall be made on a fee-for-service basis, and may, at the option of the tribe or tribal organization, be made according to rates authorized under sections 256.969, subdivision 16, and 256B.0625, subdivision 34. Implementation of this purchasing model is contingent on federal approval.

(b) The commissioner of human services, in consultation with tribal governments, shall develop a plan for tribes to assist in the enrollment process for American Indian recipients enrolled in the demonstration project for people with disabilities under this section. This plan also shall address how tribes will be included in ensuring the coordination of care for American Indian recipients between Indian health service or tribal providers and other providers.

(c) For purposes of this subdivision, "American Indian" has the meaning given to persons to whom services will be provided for in Code of Federal Regulations, title 42, section 36.12.

Sec. 72. Minnesota Statutes 1998, section 256B.77, subdivision 8, is amended to read:

Subd. 8. [RESPONSIBILITIES OF THE COUNTY ADMINISTRATIVE ENTITY.] (a) The county administrative entity shall meet the requirements of this subdivision, unless the county authority or the commissioner, with written approval of the county authority, enters into a service delivery contract with a service delivery organization for any or all of the requirements contained in this subdivision.

(b) The county administrative entity shall enroll eligible individuals regardless of health or disability status.

(c) The county administrative entity shall provide all enrollees timely access to the medical assistance benefit set. Alternative services and additional services are available to enrollees at the option of the county administrative entity and may be provided if specified in the personal support plan. County authorities are not required to seek prior authorization from the department as required by the laws and rules governing medical assistance.

(d) The county administrative entity shall cover necessary services as a result of an emergency without prior authorization, even if the services were rendered outside of the provider network.

(e) The county administrative entity shall authorize necessary and appropriate services when needed and requested by the enrollee or the enrollee's legal representative in response to an urgent situation. Enrollees shall have 24-hour access to urgent care services coordinated by experienced disability providers who have information about enrollees' needs and conditions.

(f) The county administrative entity shall accept the capitation payment from the commissioner in return for the provision of services for enrollees.

(g) The county administrative entity shall maintain internal grievance and complaint procedures, including an expedited informal complaint process in which the county administrative entity must respond to verbal complaints within ten calendar days, and a formal grievance process, in which the county administrative entity must respond to written complaints within 30 calendar days.

(h) The county administrative entity shall provide a certificate of coverage, upon enrollment, to each enrollee and the enrollee's legal representative, if any, which describes the benefits covered by the county administrative entity, any limitations on those benefits, and information about providers and the service delivery network. This information must also be made available to prospective enrollees. This certificate must be approved by the commissioner.

(i) The county administrative entity shall present evidence of an expedited process to approve exceptions to benefits, provider network restrictions, and other plan limitations under appropriate circumstances.

(j) The county administrative entity shall provide enrollees or their legal representatives with written notice of their appeal rights under subdivision 16, and of ombudsman and advocacy programs under subdivisions 13 and 14, at the following times: upon enrollment, upon submission of a written complaint, when a service is reduced, denied, or terminated, or when renewal of authorization for ongoing service is refused.

(k) The county administrative entity shall determine immediate needs, including services, support, and assessments, within 30 calendar days ~~of~~ after enrollment, or within a shorter time frame if specified in the intergovernmental contract.

(l) The county administrative entity shall assess the need for services of new enrollees within 60 calendar days ~~of~~ after enrollment, or within a shorter time frame if specified in the intergovernmental contract, and periodically reassess the need for services for all enrollees.

(m) The county administrative entity shall ensure the development of a personal support plan for each person within 60 calendar days of enrollment, or within a shorter time frame if specified in the intergovernmental contract, unless otherwise agreed to by the enrollee and the enrollee's legal representative, if any. Until a personal support plan is developed and agreed to by the enrollee, enrollees must have access to the same amount, type, setting, duration, and frequency of covered services that they had at the time of enrollment unless other covered services are needed. For an enrollee who is not receiving covered services at the time of enrollment and for enrollees whose personal support plan is being revised, access to the medical assistance benefit set must be assured until a personal support plan is developed or revised. If an enrollee chooses not to develop a personal support plan, the enrollee will be subject to the network and prior authorization requirements of the county administrative entity or service delivery organization 60 days after enrollment. An enrollee can choose to have a personal support plan developed at any time. The personal support plan must be based on choices, preferences, and assessed needs and strengths of the enrollee. The service coordinator shall develop the personal support plan, in consultation with the enrollee or the enrollee's legal representative and other individuals requested by the enrollee. The personal support plan must be updated as needed or as requested by the enrollee. Enrollees may choose not to have a personal support plan.

(n) The county administrative entity shall ensure timely authorization, arrangement, and continuity of needed and covered supports and services.

(o) The county administrative entity shall offer service coordination that fulfills the responsibilities under subdivision 12 and is appropriate to the enrollee's needs, choices, and preferences, including a choice of service coordinator.

(p) The county administrative entity shall contract with schools and other agencies as appropriate to provide otherwise covered medically necessary medical assistance services as described in an enrollee's individual family support plan, as described in sections 125A.26 to 125A.48, or individual education plan, as described in chapter 125A.

(q) The county administrative entity shall develop and implement strategies, based on consultation with affected groups, to respect diversity and ensure culturally competent service delivery in a manner that promotes the physical, social, psychological, and spiritual well-being of enrollees and preserves the dignity of individuals, families, and their communities.

(r) When an enrollee changes county authorities, county administrative entities shall ensure coordination with the entity that is assuming responsibility for administering the medical assistance benefit set to ensure continuity of supports and services for the enrollee.

(s) The county administrative entity shall comply with additional requirements as specified in the intergovernmental contract.

(t) To the extent that alternatives are approved under subdivision 17, county administrative entities must provide for the health and safety of enrollees and protect the rights to privacy and to provide informed consent.

Sec. 73. Minnesota Statutes 1998, section 256B.77, subdivision 10, is amended to read:

Subd. 10. [CAPITATION PAYMENT.] (a) The commissioner shall pay a capitation payment to the county authority and, when applicable under subdivision 6, paragraph (a), to the service delivery organization for each medical assistance eligible enrollee. The commissioner shall develop capitation payment rates for the initial contract period for each demonstration site in consultation with an independent actuary, to ensure that the cost of services under the demonstration project does not exceed the estimated cost for medical assistance services for the covered population under the fee-for-service system for the demonstration period. For each year of the demonstration project, the capitation payment rate shall be based on 96 percent of the projected per person costs that would otherwise have been paid under medical assistance fee-for-service during each of those years. Rates shall be adjusted within the limits of the available risk adjustment technology, as mandated by section 62Q.03. In addition, the commissioner shall implement appropriate risk and savings sharing provisions with county administrative entities and, when applicable under subdivision 6, paragraph (a), service delivery organizations within the projected budget limits. Capitation rates shall be adjusted, at least annually, to include any rate increases and payments for expanded or newly covered services for eligible individuals. The initial demonstration project rate shall include an amount in addition to the fee-for-service payments to adjust for underutilization of dental services. Any savings beyond those allowed for the county authority, county administrative entity, or service delivery organization shall be first used to meet the unmet needs of eligible individuals. Payments to providers participating in the project are exempt from the requirements of sections 256.966 and 256B.03, subdivision 2.

(b) The commissioner shall monitor and evaluate annually the effect of the discount on consumers, the county authority, and providers of disability services. Findings shall be reported and recommendations made, as appropriate, to ensure that the discount effect does not adversely affect the ability of the county administrative entity or providers of services to provide appropriate services to eligible individuals, and does not result in cost shifting of eligible individuals to the county authority.

(c) For risk-sharing to occur under this subdivision, the aggregate fee-for-service cost of covered services provided by the county administrative entity under this section must exceed the aggregate sum of capitation payments made to the county administrative entity under this section. The county authority is required to maintain its current level of nonmedical assistance spending on enrollees. If the county authority spends less in nonmedical assistance dollars on enrollees than it spent the year prior to the contract year, the amount of underspending shall be deducted from the aggregate fee-for-service cost of covered services. The commissioner shall then compare the fee-for-service costs and capitation payments related to the services provided for the term of this contract. The commissioner shall base its calculation of the fee-for-service costs on application of the medical assistance fee schedule to services identified on the county administrative entity's encounter claims submitted to the commissioner. The aggregate fee-for-service cost shall not include any third-party recoveries or cost-avoided amounts.

If the commissioner finds that the aggregate fee-for-service cost is greater than the sum of the capitation payments, the commissioner shall settle according to the following schedule:

(1) For the first contract year for each project, the commissioner shall pay the county administrative entity 100 percent of the difference between the sum of the capitation payments and 100 percent of projected fee-for-service costs. For aggregate fee-for-service costs in excess of 100 percent of projected fee-for-service costs, the commissioner shall pay 50 percent of the difference between the aggregate fee-for-service cost and the projected fee-for-service cost, up to 104 percent of the projected fee-for-service costs. The county administrative entity shall be responsible for all costs in excess of 104 percent of projected fee-for-service costs.

(2) For the second contract year for each project, the commissioner shall pay the county administrative entity 75 percent of the difference between the sum of the capitation payments and 100 percent of projected fee-for-service costs. The county administrative entity shall be responsible for all costs in excess of 100 percent of projected fee-for-service costs.

(3) For the third contract year for each project, the commissioner shall pay the county administrative entity 50 percent of the difference between the sum of the capitation payments and 100 percent of projected fee-for-service costs. The county administrative entity shall be responsible for all costs in excess of 100 percent of projected fee-for-service costs.

(4) For the fourth and subsequent contract years for each project, the county administrative entity shall be responsible for all costs in excess of the capitation payments.

(d) In addition to other payments under this subdivision, the commissioner may increase payments by up to 0.5 percent of the projected per person costs that would otherwise have been paid under medical assistance fee-for-service. The commissioner may make the increased payments to:

(1) offset rate increases for regional treatment services under subdivision 22 which are higher than was expected by the commissioner when the capitation was set at 96 percent; and

(2) implement incentives to encourage appropriate, high quality, efficient services.

Sec. 74. Minnesota Statutes 1998, section 256B.77, subdivision 14, is amended to read:

Subd. 14. [EXTERNAL ADVOCACY.] In addition to ombudsman services, enrollees shall have access to advocacy services on a local or regional basis. The purpose of external advocacy includes providing individual advocacy services for enrollees who have complaints or grievances with the county administrative entity, service delivery organization, or a service provider; assisting enrollees to understand the service delivery system and select providers and, if applicable, a service delivery organization; and understand and exercise their rights as an enrollee. External advocacy contractors must demonstrate that they have the expertise to advocate on behalf ~~of all categories~~ of eligible individuals and are independent of the commissioner, county authority, county administrative entity, service delivery organization, or any service provider within the demonstration project.

These advocacy services shall be provided through the ombudsman for mental health and mental retardation directly, or under contract with private, nonprofit organizations, with funding provided through the demonstration project. The funding shall be provided annually to the ombudsman's office ~~based on 0.1 percent of the projected per person costs that would otherwise have been paid under medical assistance fee-for-service during those years~~. Funding for external advocacy shall be provided ~~for each year of the demonstration period~~ through general fund appropriations. This funding is in addition to the capitation payment available under subdivision 10.

Sec. 75. Minnesota Statutes 1998, section 256B.77, is amended by adding a subdivision to read:

Subd. 27. [SERVICE COORDINATION TRANSITION.] Demonstration sites designated under subdivision 5, with the permission of an eligible individual, may implement the provisions of subdivision 12 beginning 60 calendar days prior to an individual's enrollment. This implementation may occur prior to the enrollment of eligible individuals, but is restricted to eligible individuals.

Sec. 76. Minnesota Statutes 1998, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers, except as provided in paragraph (c):

(1) inpatient hospital services;

(2) outpatient hospital services;

(3) services provided by Medicare certified rehabilitation agencies;

(4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;

(5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;

(6) eyeglasses and eye examinations provided by a physician or optometrist;

(7) hearing aids;

(8) prosthetic devices;

(9) laboratory and X-ray services;

(10) physician's services;

(11) medical transportation;

(12) chiropractic services as covered under the medical assistance program;

(13) podiatric services;

(14) dental services;

(15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;

(16) day treatment services for mental illness provided under contract with the county board;

(17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

(18) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments;

(19) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision;

(20) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, if services provided on an inpatient basis are not included as part of the cost for inpatient services included in the operating payment rate, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171; ~~and~~

(21) services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered nurse, as defined in section 148.171; and

(22) telemedicine consultations, to the extent they are covered under section 256B.0625, subdivision 3b.

(b) Except as provided in paragraph (c), for a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.

(c) Gender reassignment surgery and related services are not covered services under this subdivision unless the individual began receiving gender reassignment services prior to July 1, 1995.

(d) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology. Notwithstanding the provisions of subdivision 3, an individual who becomes ineligible for general assistance medical care because of failure to submit income reports or recertification forms in a timely manner, shall remain enrolled in the prepaid health plan and shall remain eligible for general assistance medical care coverage through the last day of the month in which the enrollee became ineligible for general assistance medical care.

(e) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions:

(i) For the period July 1, 1985 to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

(ii) For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

(iii) For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

(iv) For the period July 1, 1987 to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

(v) For the period July 1, 1988 to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent;

payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

(f) There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(g) Any county may, from its own resources, provide medical payments for which state payments are not made.

(h) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

(i) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

(j) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 77. Minnesota Statutes 1998, section 256L.01, subdivision 4, is amended to read:

Subd. 4. [GROSS INDIVIDUAL OR GROSS FAMILY INCOME.] (a) "Gross individual or gross family income" for ~~farm and~~ nonfarm self-employed means income calculated using as the baseline the adjusted gross income reported on the applicant's federal income tax form for the previous year and adding back in reported depreciation, carryover loss, and net operating loss amounts that apply to the business in which the family is currently engaged.

(b) "Gross individual or gross family income" for farm self-employed means income calculated using as the baseline the adjusted gross income reported on the applicant's federal income tax form for the previous year and adding back in reported depreciation amounts that apply to the business in which the family is currently engaged.

(c) Applicants shall report the most recent financial situation of the family if it has changed from the period of time covered by the federal income tax form. The report may be in the form of percentage increase or decrease.

Sec. 78. Minnesota Statutes 1998, section 256L.04, subdivision 2, is amended to read:

Subd. 2. [COOPERATION IN ESTABLISHING THIRD-PARTY LIABILITY, PATERNITY, AND OTHER MEDICAL SUPPORT.] (a) To be eligible for MinnesotaCare, individuals and families must cooperate with the state agency to identify potentially liable third-party payers and assist the state in obtaining third-party payments. "Cooperation" includes, but is not limited to, identifying any third party who may be liable for care and services provided under MinnesotaCare to the enrollee, providing relevant information to assist the state in pursuing a potentially liable third party, and completing forms necessary to recover third-party payments.

(b) A parent, guardian, relative caretaker, or child enrolled in the MinnesotaCare program must cooperate with the department of human services and the local agency in establishing the paternity of an enrolled child and in obtaining medical care support and payments for the child and any other person for whom the person can legally assign rights, in accordance with applicable laws and rules governing the medical assistance program. A child shall not be ineligible for or disenrolled from the MinnesotaCare program solely because the child's parent, relative caretaker, or guardian fails to cooperate in establishing paternity or obtaining medical support.

Sec. 79. Minnesota Statutes 1998, section 256L.04, subdivision 8, is amended to read:

Subd. 8. [APPLICANTS POTENTIALLY ELIGIBLE FOR MEDICAL ASSISTANCE.] (a) Individuals who receive supplemental security income or retirement, survivors, or disability benefits due to a disability, or other disability-based pension, who qualify under subdivision 7, but who are potentially eligible for medical assistance

without a spenddown shall be allowed to enroll in MinnesotaCare for a period of 60 days, so long as the applicant meets all other conditions of eligibility. The commissioner shall identify and refer the applications of such individuals to their county social service agency. The county and the commissioner shall cooperate to ensure that the individuals obtain medical assistance coverage for any months for which they are eligible.

(b) The enrollee must cooperate with the county social service agency in determining medical assistance eligibility within the 60-day enrollment period. Enrollees who do not cooperate with medical assistance within the 60-day enrollment period shall be disenrolled from the plan within one calendar month. Persons disenrolled for nonapplication for medical assistance may not reenroll until they have obtained a medical assistance eligibility determination. Persons disenrolled for noncooperation with medical assistance may not reenroll until they have cooperated with the county agency and have obtained a medical assistance eligibility determination.

(c) Beginning January 1, 2000, counties that choose to become MinnesotaCare enrollment sites shall consider MinnesotaCare applications ~~of individuals described in paragraph (a)~~ to also be applications for medical assistance ~~and shall first determine whether medical assistance eligibility exists. Adults with children with family income under 175 percent of the federal poverty guidelines for the applicable family size, pregnant women, and children who qualify under subdivision 1~~ Applicants who are potentially eligible for medical assistance, except for those described in paragraph (a), ~~without a spenddown~~ may choose to enroll in either MinnesotaCare or medical assistance.

(d) The commissioner shall redetermine provider payments made under MinnesotaCare to the appropriate medical assistance payments for those enrollees who subsequently become eligible for medical assistance.

Sec. 80. Minnesota Statutes 1998, section 256L.04, subdivision 13, is amended to read:

Subd. 13. [FAMILIES WITH ~~GRANDPARENTS,~~ RELATIVE CARETAKERS, FOSTER PARENTS, OR LEGAL GUARDIANS.] Beginning January 1, 1999, in families that include a ~~grandparent,~~ relative caretaker as defined in the medical assistance program, foster parent, or legal guardian, the ~~grandparent,~~ relative caretaker, foster parent, or legal guardian may apply as a family or may apply separately for the children. If the caretaker applies separately for the children, only the children's income is counted and the provisions of subdivision 1, paragraph (b), do not apply. If the ~~grandparent,~~ relative caretaker, foster parent, or legal guardian applies with the children, their income is included in the gross family income for determining eligibility and premium amount.

Sec. 81. Minnesota Statutes 1998, section 256L.05, subdivision 4, is amended to read:

Subd. 4. [APPLICATION PROCESSING.] The commissioner of human services shall determine an applicant's eligibility for MinnesotaCare no more than 30 days from the date that the application is received by the department of human services. Beginning January 1, 2000, this requirement also applies to local county human services agencies that determine eligibility for MinnesotaCare. Once annually at application or reenrollment, to prevent processing delays, applicants or enrollees who, from the information provided on the application, appear to meet eligibility requirements shall be enrolled upon timely payment of premiums. The enrollee must provide all required verifications within 30 days of ~~enrollment~~ notification of the eligibility determination or coverage from the program shall be terminated. Enrollees who are determined to be ineligible when verifications are provided shall be disenrolled from the program.

Sec. 82. Minnesota Statutes 1998, section 256L.06, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATION AND COMMISSIONER'S DUTIES.] (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments, based upon changes in enrollee income; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. ~~Beginning July 1, 1998,~~ Failure to pay includes payment with a dishonored check ~~and,~~ a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored ~~check,~~ returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or annual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare.

(d) Nonpayment of the premium will result in disenrollment from the plan within one calendar month after the due date. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll until four calendar months have elapsed. Persons disenrolled for nonpayment who pay all past due premiums as well as current premiums due, including premiums due for the period of disenrollment, within 20 days of disenrollment, shall be reenrolled retroactively to the first day of disenrollment. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll for four calendar months unless the person demonstrates good cause for nonpayment. Good cause does not exist if a person chooses to pay other family expenses instead of the premium. The commissioner shall define good cause in rule.

Sec. 83. Minnesota Statutes 1998, section 256L.07, is amended to read:

256L.07 [ELIGIBILITY FOR ~~SUBSIDIZED PREMIUMS BASED ON SLIDING SCALE~~ MINNESOTACARE.]

Subdivision 1. [GENERAL REQUIREMENTS.] (a) Children enrolled in the original children's health plan as of September 30, 1992, children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and children who have family gross incomes that are equal to or less than 150 percent of the federal poverty guidelines are eligible ~~for subsidized premium payments~~ without meeting the requirements of subdivision 2, as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance. Children who apply for MinnesotaCare on or after the implementation date of the employer-subsidized health coverage program as described in Laws 1998, chapter 407, article 5, section 45, who have family gross incomes that are equal to or less than 150 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to be eligible for MinnesotaCare.

(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose income increases above 275 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 175 percent of the federal poverty guidelines are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual~~, determined over a four-month period as required by section 256L.15, subdivision 2,~~ exceeds program income limits.

(c) Notwithstanding paragraph (b), individuals and families may remain enrolled in MinnesotaCare if ten percent of their annual income is less than the annual premium for a policy with a $500 deductible available through the Minnesota comprehensive health association. Individuals and families who are no longer eligible for MinnesotaCare under this subdivision shall be given an 18-month notice period from the date that ineligibility is determined before disenrollment.

Subd. 2. [MUST NOT HAVE ACCESS TO EMPLOYER-SUBSIDIZED COVERAGE.] (a) To be eligible ~~for subsidized premium payments based on a sliding scale~~, a family or individual must not have access to subsidized health coverage through an employer. A family or individual whose employer-subsidized coverage is lost due to an employer terminating health care coverage as an employee benefit during the previous 18 months is not eligible.

(b) For purposes of this requirement, subsidized health coverage means health coverage for which the employer pays at least 50 percent of the cost of coverage for the employee or dependent, or a higher percentage as specified by the commissioner. Children are eligible for employer-subsidized coverage through either parent, including the noncustodial parent. The commissioner must treat employer contributions to Internal Revenue Code Section 125 plans and any other employer benefits intended to pay health care costs as qualified employer subsidies toward the cost of health coverage for employees for purposes of this subdivision.

Subd. 3. [OTHER HEALTH COVERAGE.] (a) Families and individuals enrolled in the MinnesotaCare program must have no health coverage while enrolled or for at least four months prior to application and renewal. Children enrolled in the original children's health plan and children in families with income equal to or less than 150 percent of the federal poverty guidelines, who have other health insurance, are eligible if the ~~other health coverage meets the requirements of Minnesota Rules, part 9506.0020, subpart 3, item B.~~ coverage:

(1) lacks two or more of the following:

(i) basic hospital insurance;

(ii) medical-surgical insurance;

(iii) prescription drug coverage;

(iv) dental coverage; or

(v) vision coverage;

(2) requires a deductible of $100 or more per person per year; or

(3) lacks coverage because the child has exceeded the maximum coverage for a particular diagnosis or the policy excludes a particular diagnosis.

The commissioner may change this eligibility criterion for sliding scale premiums in order to remain within the limits of available appropriations. The requirement of no health coverage does not apply to newborns.

(b) For purposes of this section, medical assistance, general assistance medical care, and civilian health and medical program of the uniformed service, CHAMPUS, are not considered insurance or health coverage.

(c) For purposes of this section, Medicare Part A or B coverage under title XVIII of the Social Security Act, United States Code, title 42, sections 1395c to 1395w-4, is considered health coverage. An applicant or enrollee may not refuse Medicare coverage to establish eligibility for MinnesotaCare.

(d) Applicants who were recipients of medical assistance or general assistance medical care within one month of application must meet the provisions of this subdivision and subdivision 2.

Sec. 84. Minnesota Statutes 1998, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. [PREMIUM DETERMINATION.] Families with children and individuals shall pay a premium determined according to a sliding fee based on ~~the cost of coverage as~~ a percentage of the family's gross family income. Pregnant women and children under age two are exempt from the provisions of section 256L.06, subdivision 3, paragraph (b), clause (3), requiring disenrollment for failure to pay premiums. For pregnant women, this exemption continues until the first day of the month following the 60th day postpartum. Women who remain enrolled during pregnancy or the postpartum period, despite nonpayment of premiums, shall be disenrolled on the first of the month following the 60th day postpartum for the penalty period that otherwise applies under section 256L.06, unless they begin paying premiums.

Sec. 85. Minnesota Statutes 1998, section 256L.15, subdivision 1b, is amended to read:

Subd. 1b. [PAYMENTS NONREFUNDABLE.] Only MinnesotaCare premiums ~~are not refundable~~ paid for future months of coverage for which a health plan capitation fee has not been paid may be refunded.

Sec. 86. Minnesota Statutes 1998, section 256L.15, subdivision 2, is amended to read:

Subd. 2. [SLIDING FEE SCALE TO DETERMINE PERCENTAGE OF GROSS INDIVIDUAL OR FAMILY INCOME.] (a) The commissioner shall establish a sliding fee scale to determine the percentage of gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's gross individual or family income ~~during the previous four months~~. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. The sliding fee scale begins with a premium of 1.5 percent of gross individual or family income for individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following ~~evenly~~ spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports increased income after enrollment, premiums shall not be adjusted until eligibility renewal.

(b) Enrolled individuals and families whose gross annual income increases above 275 percent of the federal poverty guideline shall pay the maximum premium. The maximum premium is defined as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare cases paid the maximum premium, the total revenue would equal the total cost of MinnesotaCare medical coverage and administration. In this calculation, administrative costs shall be assumed to equal ten percent of the total. The costs of medical coverage for pregnant women and children under age two and the enrollees in these groups shall be excluded from the total. The maximum premium for two enrollees shall be twice the maximum premium for one, and the maximum premium for three or more enrollees shall be three times the maximum premium for one.

Sec. 87. Laws 1995, chapter 178, article 2, section 46, subdivision 10, is amended to read:

Subd. 10. [ADDITIONAL WAIVER REQUEST FOR EMPLOYED DISABLED PERSONS.] The commissioner shall seek a federal waiver in order to implement a work incentive for disabled persons ~~eligible for medical assistance~~ who are not residents of long-term care facilities, when determining their eligibility for medical assistance. The waiver shall request authorization to establish a medical assistance earned income disregard for employed disabled persons who, but for earned income, are eligible for SSDI and who ~~receive~~ require personal care assistance under the Medical Assistance Program. The disregard shall be equivalent to the threshold amount applied to persons who qualify under section 1619(b) of the Social Security Act, except that when a disabled person's earned income reaches the maximum income permitted at the threshold under section 1619(b), the person shall retain medical assistance eligibility and must contribute to the costs of medical care on a sliding fee basis.

Sec. 88. Laws 1997, chapter 225, article 4, section 4, is amended to read:

Sec. 4. [SENIOR DRUG PROGRAM.]

~~The commissioner shall administer the senior drug program so that the costs to the state total no more than $4,000,000 plus the amount of the rebate. The commissioner is authorized to discontinue enrollment in order to meet this level of funding.~~

The commissioner shall report to the legislature the estimated costs of the senior drug program without funding caps. The report shall be included as part of the November and February forecasts.

The commissioner of finance shall annually reimburse the general fund with health care access funds for the estimated increased costs in the QMB/SLMB program directly associated with the senior drug program. This reimbursement shall sunset June 30, 2001.

Sec. 89. [HOME-BASED MENTAL HEALTH SERVICES.]

By January 1, 2000, the commissioner shall amend Minnesota Rules under the expedited process of Minnesota Statutes, section 14.389, to effect the following changes:

(1) amend Minnesota Rules, part 9505.0324, subpart 2, to permit a county board to contract with any agency qualified under Minnesota Rules, part 9505.0324, subparts 4 and 5, as an eligible provider of home-based mental health services;

(2) amend Minnesota Rules, part 9505.0324, subpart 2, to permit children's mental health collaboratives approved by the children's cabinet under Minnesota Statutes, section 245.493, to provide or to contract with any agency qualified under Minnesota Rules, part 9505.0324, subparts 4 and 5, as an eligible provider of home-based mental health services.

Sec. 90. [AMENDING MEDICAL ASSISTANCE RULES.]

By January 1, 2001, the commissioner shall amend Minnesota Rules, parts 9505.0323, 9505.0324, 9505.0326, and 9505.0327, as necessary to implement the changes outlined in Minnesota Statutes, section 256B.0625, subdivision 23.

Sec. 91. [PROGRAMS FOR SENIOR CITIZENS.]

The commissioner of human services shall study the eligibility criteria of and benefits provided to persons age 65 and over through the array of cash assistance and health care programs administered by the department, and the extent to which these programs can be combined, simplified, or coordinated to reduce administrative costs and improve access. The commissioner shall also study potential barriers to enrollment for low-income seniors who would otherwise deplete resources necessary to maintain independent community living. At a minimum, the study must include an evaluation of asset requirements and enrollment sites. The commissioner shall report study findings and recommendations to the legislature by February 15, 2000.

Sec. 92. [REPORTS ON ALTERNATIVE RESOURCE ALLOCATION METHODS AND PARENTS OF MINORS.]

(a) The commissioner of human services shall consider and evaluate administrative methods other than the current resource allocation system for the home and community-based waiver for persons with mental retardation and related conditions. In developing the alternatives, the commissioner shall consult with county commissioners from large and small counties, county agencies, consumers, advocates, and providers. The commissioner shall report to the chairs of the senate health and family security budget division and house health and human services finance committee by January 15, 2000.

(b) By January 15, 2000, the commissioner of human services shall present recommendations to the legislature on the conditions under which parents of minors may be reimbursed for services, consistent with federal requirements, health and safety, the child's needs, and not supplanting typical parental responsibilities.

Sec. 93. [REPORT ON RATE SETTING AND RISK ADJUSTMENT.]

The commissioner of human services shall report to the legislature, by January 15, 2000, on the current rate setting process for state prepaid health care programs, rate setting and risk adjustment methods in other states, and the results of the application of risk adjustment on a trial basis in Minnesota for calendar year 1999. The report must also present an analysis of the feasibility of requiring prepaid health plans to report vendor costs rather than charges, an analysis of capitation rate equalization for MinnesotaCare and the prepaid medical assistance program, an analysis of the fiscal impact on state and county government of repealing Minnesota Statutes 1998, section 256B.69, subdivision 5d, and recommendations for providing actuarial and market analyses related to setting prepaid health plan rates to the legislature on a timely basis that would allow this information to be used in the appropriations process.

Sec. 94. [REPORT ON PREPAID MEDICAL ASSISTANCE PROGRAM.]

The commissioner of human services shall present recommendations to the legislature, by December 15, 1999, on methods for implementing county board authority under the prepaid medical assistance program.

Sec. 95. [REQUEST FOR WAIVER.]

By October 1, 1999, the commissioner of human services or health shall request a waiver from the federal Department of Health and Human Services to implement Minnesota Statutes, 256B.0951, subdivision 7.

Sec. 96. [EXPANSION OF SPECIAL EDUCATION SERVICES.]

The commissioner shall examine opportunities to expand the scope of providers eligible for reimbursement for medical assistance services listed in a child's individual education plan, based on state and federal requirements for provider qualifications. The commissioner shall complete these activities, in consultation with the commissioner of children, families, and learning, by December 1999 and seek necessary federal approval.

Sec. 97. [DENTAL ACCESS STUDY.]

The commissioner of human services, in consultation with the commissioner of health, dental care providers, representatives of community clinics, client advocacy groups, and counties, shall review the dental access problem, evaluate the effects of the dental access initiatives adopted by the 1999 legislature, and make recommendations on other actions that could improve dental access for public program recipients. The commissioner shall present a progress report to the legislature by January 15, 2000, and shall present a final report to the legislature by January 15, 2001.

Sec. 98. [EXPIRATION; DEFINITION OF INCOME.]

The amendments to Minnesota Statutes, section 256L.01, subdivision 4, in section 77 expire July 1, 2002.

Sec. 99. [REVENUE MAXIMIZATION INITIATIVE.]

Subdivision 1. [PROPOSAL DESIGN.] The commissioner of human services, in consultation with representatives of county government, may, within the limits of available appropriations, design proposals to:

(1) provide medical assistance coverage for mental health treatment and other related rehabilitative services provided to children or youth placed by a county in a residential treatment facility;

(2) add rehabilitation services to the state medical assistance plan for adults with mental illness or other debilitating conditions, including, but not limited to, chemical dependency; and

(3) provide medical assistance coverage for targeted case management service activities for adults receiving services through a county or state agency who are in need of service coordination, including, but not limited to: people age 65 and older; people in need of adult protective services; people applying for financial assistance; people who have chemical dependency; and people who require community social services under Minnesota Statutes, chapter 256E.

Subd. 2. [RECOMMENDATIONS TO THE LEGISLATURE.] If proposals under this section are developed, the commissioner of human services shall submit to the legislature design and implementation recommendations, and draft legislation, for the proposals required by subdivision 1, by January 15, 2000. Implementation shall occur by July 1, 2000, but only upon legislative approval of these recommendations.

Subd. 3. [STATE MEDICAL ASSISTANCE PLAN AMENDMENTS.] The commissioner of human services may develop and submit to the federal Health Care Financing Administration, any medical assistance state plan amendments necessary for the implementation of the proposals in subdivision 1.

Sec. 100. [REPEALER.]

Laws 1997, chapter 203, article 7, section 27, is repealed.

Sec. 101. [EFFECTIVE DATE.]

When preparing the human services conference committee report for adoption by the legislature, the revisor shall combine all the bracketed effective date notations into this effective date section.

ARTICLE 5

STATE-OPERATED SERVICES; CHEMICAL DEPENDENCY; MENTAL HEALTH

Section 1. Minnesota Statutes 1998, section 16C.10, subdivision 5, is amended to read:

Subd. 5. [SPECIFIC PURCHASES.] The solicitation process described in this chapter is not required for acquisition of the following:

(1) merchandise for resale purchased under policies determined by the commissioner;

(2) farm and garden products which, as determined by the commissioner, may be purchased at the prevailing market price on the date of sale;

(3) goods and services from the Minnesota correctional facilities;

(4) goods and services from rehabilitation facilities and sheltered workshops that are certified by the commissioner of economic security;

(5) goods and services for use by a community-based ~~residential~~ facility operated by the commissioner of human services;

(6) goods purchased at auction or when submitting a sealed bid at auction provided that before authorizing such an action, the commissioner consult with the requesting agency to determine a fair and reasonable value for the goods considering factors including, but not limited to, costs associated with submitting a bid, travel, transportation, and storage. This fair and reasonable value must represent the limit of the state's bid; and

(7) utility services where no competition exists or where rates are fixed by law or ordinance.

Sec. 2. Minnesota Statutes 1998, section 245.462, subdivision 4, is amended to read:

Subd. 4. [CASE ~~MANAGER~~ MANAGEMENT SERVICE PROVIDER.] (a) "Case ~~manager~~ management service provider" means ~~an individual~~ a case manager or case manager associate employed by the county or other entity authorized by the county board to provide case management services specified in section 245.4711.

A case manager must have a bachelor's degree in one of the behavioral sciences or related fields including, but not limited to, social work, psychology, or nursing from an accredited college or university ~~and~~. A case manager must have at least 2,000 hours of supervised experience in the delivery of services to adults with mental illness, must be skilled in the process of identifying and assessing a wide range of client needs, and must be knowledgeable about local community resources and how to use those resources for the benefit of the client. ~~The case manager shall meet in person with a mental health professional at least once each month to obtain clinical supervision of the case manager's activities. Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of services to adults with mental illness must complete 40 hours of training approved by the~~

~~commissioner of human services in case management skills and in the characteristics and needs of adults with serious and persistent mental illness and must receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of supervised experience is met.~~

(b) Supervision for a case manager during the first year of service providing case management services shall be one hour per week of clinical supervision from a case management supervisor. After the first year, the case manager shall receive regular ongoing supervision totaling 38 hours per year, of which at least one hour per month must be clinical supervision regarding individual service delivery with a case management supervisor. The remainder may be provided by a case manager with two years of experience. Group supervision may not constitute more than one-half of the required supervision hours. Clinical supervision must be documented in the client record.

(c) A case manager with a bachelor's degree who is not licensed, registered, or certified by a health-related licensing board must receive 30 hours of continuing education and training in mental illness and mental health services annually.

(d) A case manager with a bachelor's degree but without 2,000 hours of supervised experience described in paragraph (a), must complete 40 hours of training approved by the commissioner covering case management skills and the characteristics and needs of adults with serious and persistent mental illness.

(e) Case managers without a bachelor's degree must meet one of the requirements in clauses (1) to (3):

(1) have three or four years of experience as a case manager associate;

(2) be a registered nurse without a bachelor's degree and have a combination of specialized training in psychiatry and work experience consisting of community interaction and involvement or community discharge planning in a mental health setting totaling three years; or

(3) be a person who qualified as a case manager under the 1998 department of human service federal waiver provision and meet the continuing education and mentoring requirements in this section.

(f) A case manager associate (CMA) must work under the direction of a case manager or case management supervisor and must be at least 21 years of age. A case manager associate must also have a high school diploma or its equivalent and meet one of the following criteria:

(1) have an associate of arts degree in one of the behavioral sciences or human services;

(2) be a registered nurse without a bachelor's degree;

(3) within the previous ten years, have three years of life experience with serious and persistent mental illness as defined in section 245.462, subdivision 20; or as a child had severe emotional disturbance as defined in section 245.4871, subdivision 6; or have three years life experience as a primary caregiver to an adult with serious and persistent mental illness within the previous ten years;

(4) have 6,000 hours work experience as a nondegreed state hospital technician; or

(5) be a mental health practitioner as defined in section 245.462, subdivision 17, clause (2).

Individuals meeting one of the criteria in clauses (1) to (4) may qualify as a case manager after four years of supervised work experience as a case manager associate. Individuals meeting the criteria in clause (5) may qualify as a case manager after three years of supervised experience as a case manager associate.

Case management associates must have 40 hours preservice training under paragraph (d) and receive at least 40 hours of continuing education in mental illness and mental health services annually. Case manager associates shall receive at least five hours of mentoring per week from a case management mentor. A "case management mentor" means a qualified, practicing case manager or case management supervisor who teaches or advises and provides intensive training and clinical supervision to one or more case manager associates. Mentoring may occur while providing direct services to consumers in the office or in the field and may be provided to individuals or groups of case manager associates. At least two mentoring hours per week must be individual and face-to-face.

(g) A case management supervisor must meet the criteria for mental health professionals, as specified in section 245.462, subdivision 18.

(h) ~~Until June 30, 1999,~~ An immigrant who does not have the qualifications specified in this subdivision may provide case management services to adult immigrants with serious and persistent mental illness who are members of the same ethnic group as the case manager if the person: (1) is currently enrolled in and is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or a related field including, but not limited to, social work, psychology, or nursing from an accredited college or university; (2) completes 40 hours of training as specified in this subdivision; and (3) receives clinical supervision at least once a week until the requirements of this subdivision are met.

~~(b) The commissioner may approve waivers submitted by counties to allow case managers without a bachelor's degree but with 6,000 hours of supervised experience in the delivery of services to adults with mental illness if the person:~~

~~(1) meets the qualifications for a mental health practitioner in subdivision 26;~~

~~(2) has completed 40 hours of training approved by the commissioner in case management skills and in the characteristics and needs of adults with serious and persistent mental illness; and~~

~~(3) demonstrates that the 6,000 hours of supervised experience are in identifying functional needs of persons with mental illness, coordinating assessment information and making referrals to appropriate service providers, coordinating a variety of services to support and treat persons with mental illness, and monitoring to ensure appropriate provision of services. The county board is responsible to verify that all qualifications, including content of supervised experience, have been met.~~

Sec. 3. Minnesota Statutes 1998, section 245.462, subdivision 17, is amended to read:

Subd. 17. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and either:

(i) has at least 2,000 hours of supervised experience in the delivery of services to persons with mental illness; or

(ii) is fluent in the non-English language of the ethnic group to which over 50 percent of the practitioner's clients belong, completes 40 hours of training in the delivery of services to persons with mental illness, and is supervised by a mental health professional at least once a week until 2,000 hours of supervised experience in delivering services to persons with mental illness is obtained;

(2) has at least 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university and has less than 4,000 hours post-master's experience in the treatment of mental illness.

Sec. 4. Minnesota Statutes 1998, section 245.4711, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By January 1, 1989, the county board shall provide case management services for all adults with serious and persistent mental illness who are residents of the county and who request or consent to the services and to each adult for whom the court appoints a case manager. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.462, subdivision 4.

(b) Case management services provided to adults with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

(c) Case management services are eligible for reimbursement under the medical assistance program. Costs associated with mentoring, supervision, and continuing education may be included in the reimbursement rate methodology used for case management services under the medical assistance program.

Sec. 5. Minnesota Statutes 1998, section 245.4712, subdivision 2, is amended to read:

Subd. 2. [DAY TREATMENT SERVICES PROVIDED.] (a) Day treatment services must be developed as a part of the community support services available to adults with serious and persistent mental illness residing in the county. Adults may be required to pay a fee according to section 245.481. Day treatment services must be designed to:

(1) provide a structured environment for treatment;

(2) provide support for residing in the community;

(3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need;

(4) coordinate with or be offered in conjunction with a local education agency's special education program; and

(5) operate on a continuous basis throughout the year.

(b) For purposes of complying with medical assistance requirements, an adult day treatment program may choose among the methods of clinical supervision specified in:

(1) Minnesota Rules, part 9505.0323, subpart 1, item F;

(2) Minnesota Rules, part 9505.0324, subpart 6, item F; or

(3) Minnesota Rules, part 9520.0800, subparts 2 to 6.

A day treatment program may demonstrate compliance with these clinical supervision requirements by obtaining certification from the commissioner under Minnesota Rules, parts 9520.0750 to 9520.0870, or by documenting in its own records that it complies with one of the above methods.

(c) County boards may request a waiver from including day treatment services if they can document that:

(1) an alternative plan of care exists through the county's community support services for clients who would otherwise need day treatment services;

(2) day treatment, if included, would be duplicative of other components of the community support services; and

(3) county demographics and geography make the provision of day treatment services cost ineffective and infeasible.

Sec. 6. Minnesota Statutes 1998, section 245.4871, subdivision 4, is amended to read:

Subd. 4. [CASE ~~MANAGER~~ MANAGEMENT SERVICE PROVIDER.] (a) "Case ~~manager~~ management service provider" means ~~an individual~~ a case manager or case manager associate employed by the county or other entity authorized by the county board to provide case management services specified in subdivision 3 for the child with severe emotional disturbance and the child's family. A case manager must have experience and training in working with children.

(b) A case manager must:

(1) have at least a bachelor's degree in one of the behavioral sciences or a related field including, but not limited to, social work, psychology, or nursing from an accredited college or university;

(2) have at least 2,000 hours of supervised experience in the delivery of mental health services to children;

(3) have experience and training in identifying and assessing a wide range of children's needs; and

(4) be knowledgeable about local community resources and how to use those resources for the benefit of children and their families.

(c) The case manager may be a member of any professional discipline that is part of the local system of care for children established by the county board.

(d) The case manager ~~must meet in person with a mental health professional at least once each month to obtain clinical supervision~~ shall receive regular ongoing supervision totaling 38 hours per year, of which at least one hour per month must be clinical supervision regarding individual service delivery with a case management supervisor. The remainder may be provided by a case manager with two years of experience. Group supervision may not constitute more than one-half of the required supervision hours.

(e) Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbance must:

(1) begin 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of children with severe emotional disturbance before beginning to provide case management services; and

(2) receive clinical supervision regarding individual service delivery from a mental health professional at least ~~once~~ one hour each week until the requirement of 2,000 hours of experience is met.

(f) Clinical supervision must be documented in the child's record. When the case manager is not a mental health professional, the county board must provide or contract for needed clinical supervision.

(g) The county board must ensure that the case manager has the freedom to access and coordinate the services within the local system of care that are needed by the child.

(h) Case managers who have a bachelor's degree but are not licensed, registered, or certified by a health-related licensing board must receive 30 hours of continuing education and training in severe emotional disturbance and mental health services annually.

(i) Case managers without a bachelor's degree must meet one of the requirements in clauses (1) to (3):

(1) have three or four years of experience as a case manager associate;

(2) be a registered nurse without a bachelor's degree who has a combination of specialized training in psychiatry and work experience consisting of community interaction and involvement or community discharge planning in a mental health setting totaling three years; or

(3) be a person who qualified as a case manager under the 1998 department of human service federal waiver provision and meets the continuing education and mentoring requirements in this section.

(j) A case manager associate (CMA) must work under the direction of a case manager or case management supervisor and must be at least 21 years of age. A case manager associate must also have a high school diploma or its equivalent and meet one of the following criteria:

(1) have an associate of arts degree in one of the behavioral sciences or human services;

(2) be a registered nurse without a bachelor's degree;

(3) have three years of life experience as a primary caregiver to a child with serious emotional disturbance as defined in section 245.4871, subdivision 6, within the previous ten years;

(4) have 6,000 hours work experience as a nondegreed state hospital technician; or

(5) be a mental health practitioner as defined in section 245.462, subdivision 17, clause (2).

Individuals meeting one of the criteria in clauses (1) to (4) may qualify as a case manager after four years of supervised work experience as a case manager associate. Individuals meeting the criteria in clause (5) may qualify as a case manager after three years of supervised experience as a case manager associate.

Case manager associates must have 40 hours of preservice training under paragraph (e), clause (1), and receive at least 40 hours of continuing education in severe emotional disturbance and mental health service annually. Case manager associates shall receive at least five hours of mentoring per week from a case management mentor. A "case management mentor" means a qualified, practicing case manager or case management supervisor who teaches or advises and provides intensive training and clinical supervision to one or more case manager associates. Mentoring may occur while providing direct services to consumers in the office or in the field and may be provided to individuals or groups of case manager associates. At least two mentoring hours per week must be individual and face-to-face.

(k) A case management supervisor must meet the criteria for a mental health professional as specified in section 245.4871, subdivision 27.

(l) ~~Until June 30, 1999,~~ An immigrant who does not have the qualifications specified in this subdivision may provide case management services to child immigrants with severe emotional disturbance of the same ethnic group as the immigrant if the person:

(1) is currently enrolled in and is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or related fields at an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

~~(i) The commissioner may approve waivers submitted by counties to allow case managers without a bachelor's degree but with 6,000 hours of supervised experience in the delivery of services to children with severe emotional disturbance if the person:~~

~~(1) meets the qualifications for a mental health practitioner in subdivision 26;~~

~~(2) has completed 40 hours of training approved by the commissioner in case management skills and in the characteristics and needs of children with severe emotional disturbance; and~~

~~(3) demonstrates that the 6,000 hours of supervised experience are in identifying functional needs of children with severe emotional disturbance, coordinating assessment information and making referrals to appropriate service providers, coordinating a variety of services to support and treat children with severe emotional disturbance, and monitoring to ensure appropriate provision of services. The county board is responsible to verify that all qualifications, including content of supervised experience, have been met.~~

Sec. 7. Minnesota Statutes 1998, section 245.4871, subdivision 26, is amended to read:

Subd. 26. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to children with emotional disturbances. A mental health practitioner must have training and experience in working with children. A mental health practitioner must be qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and either:

(i) has at least 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbances; or

(ii) is fluent in the non-English language of the ethnic group to which over 50 percent of the practitioner's clients belong, completes 40 hours of training in the delivery of services to children with emotional disturbances, and is supervised by a mental health professional at least once a week until 2,000 hours of supervised experience in delivering mental health services to children with emotional disturbances is obtained;

(2) has at least 6,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbances;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university and has less than 4,000 hours post-master's experience in the treatment of emotional disturbance.

Sec. 8. Minnesota Statutes 1998, section 245.4881, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By April 1, 1992, the county board shall provide case management services for each child with severe emotional disturbance who is a resident of the county and the child's family who request or consent to the services. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.4871, subdivision 4.

(b) Except as permitted by law and the commissioner under demonstration projects, case management services provided to children with severe emotional disturbance eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

(c) Case management services are eligible for reimbursement under the medical assistance program. Costs of mentoring, supervision, and continuing education may be included in the reimbursement rate methodology used for case management services under the the medical assistance program.

Sec. 9. [245.99] [ADULT MENTAL ILLNESS CRISIS HOUSING ASSISTANCE PROGRAM.]

‹

Subdivision 1. [CREATION.] The adult mental illness crisis housing assistance program is established in the department of human services.

Subd. 2. [RENTAL ASSISTANCE.] The program shall pay up to 90 days of housing assistance for persons with a serious and persistent mental illness who require inpatient or residential care for stabilization. The commissioner of human services may extend the length of assistance on a case-by-case basis.

Subd. 3. [ELIGIBILITY.] Housing assistance under this section is available only to persons of low or moderate income as determined by the commissioner.

Subd. 4. [ADMINISTRATION.] The commissioner may contract with organizations or government units experienced in housing assistance to operate the program under this section.

Sec. 10. [246.0136] [PLANNING FOR TRANSITION OF REGIONAL TREATMENT CENTERS AND OTHER STATE-OPERATED SERVICES TO ENTERPRISE ACTIVITIES.]

Subdivision 1. [PLANNING FOR ENTERPRISE ACTIVITIES.] The commissioner of human services is directed to study and make recommendations to the legislature on establishing enterprise activities within state-operated services. Before implementing an enterprise activity, the commissioner must obtain statutory authorization for its implementation, except that the commissioner has authority to implement enterprise activities for adolescent services without statutory authorization. Enterprise activities are defined as the range of services, which are delivered by state employees, needed by people with disabilities and are fully funded by public or private third-party health insurance or other revenue sources available to clients that provide reimbursement for the services provided. Enterprise activities within state-operated services shall specialize in caring for vulnerable people for whom no other providers are available or for whom state-operated services may be the provider selected by the payer. In subsequent biennia after an enterprise activity is established within a state-operated service, the base state appropriation for that state-operated service shall be reduced proportionate to the size of the enterprise activity.

Subd. 2. [REQUIRED COMPONENTS OF ANY PROPOSAL; CONSIDERATIONS.] In any proposal for an enterprise activity brought to the legislature by the commissioner, the commissioner must demonstrate that there is public or private third-party health insurance or other revenue available to the people served, that the anticipated revenues to be collected will fully fund the services, that there will be sufficient funds for cash flow purposes, and that access to services by vulnerable populations served by state-operated services will not be limited by implementation of an enterprise activity. In studying the feasibility of establishing an enterprise activity, the commissioner must consider:

(1) creating public or private partnerships to facilitate client access to needed services;

(2) administrative simplification and efficiencies throughout the state-operated services system;

(3) creating a public group practice for state-operated services medical staff to increase flexibility in meeting client needs and to maximize third-party reimbursement;

(4) converting or disposing of buildings not utilized and surplus lands; and

(5) exploring the efficiencies and benefits of establishing state-operated services as an independent state agency.

Sec. 11. Minnesota Statutes 1998, section 246.18, subdivision 6, is amended to read:

Subd. 6. [COLLECTIONS DEDICATED.] ~~Except for state-operated programs and services funded through a direct appropriation from the legislature, money received within the regional treatment center system for the following state-operated services is dedicated to the commissioner for the provision of those services:~~

~~(1) community-based residential and day training and habilitation services for mentally retarded persons;~~

~~(2) community health clinic services;~~

~~(3) accredited hospital outpatient department services;~~

~~(4) certified rehabilitation agency and rehabilitation hospital services; or~~

~~(5) community-based transitional support services for adults with serious and persistent mental illness.~~ Except for state-operated programs funded through a direct appropriation from the legislature, any state-operated program or service established and operated as an enterprise activity, shall retain the revenues earned in an interest-bearing account.

When the commissioner determines the intent to transition from a direct appropriation to enterprise activity for which the commissioner has authority, all collections for the targeted state-operated service shall be retained and deposited into an interest-bearing account. At the end of the fiscal year, prior to establishing the enterprise activity, collections up to the amount of the appropriation for the targeted service shall be deposited to the general fund. All funds in excess of the amount of the appropriation will be retained and used by the enterprise activity for cash flow purposes.

These funds must be deposited in the state treasury in a revolving account and funds in the revolving account are appropriated to the commissioner to operate the services authorized, and any unexpended balances do not cancel but are available until spent.

Sec. 12. Minnesota Statutes 1998, section 253B.045, is amended by adding a subdivision to read:

Subd. 5. [HEALTH PLAN COMPANY; DEFINITION.] For purposes of this section, "health plan company" has the meaning given it in section 62Q.01, subdivision 4, and also includes a demonstration provider as defined in section 256B.69, subdivision 2, paragraph (b), a county or group of counties participating in county-based purchasing according to section 256B.692, and a children's mental health collaborative under contract to provide medical assistance for individuals enrolled in the prepaid medical assistance and MinnesotaCare programs according to sections 245.493 to 245.496.

Sec. 13. Minnesota Statutes 1998, section 253B.045, is amended by adding a subdivision to read:

Subd. 6. [COVERAGE.] A health plan company must provide coverage, according to the terms of the policy, contract, or certificate of coverage, for all medically necessary covered services as determined by section 62Q.53 provided to an enrollee that are ordered by the court under this chapter.

Sec. 14. Minnesota Statutes 1998, section 253B.07, subdivision 1, is amended to read:

Subdivision 1. [PREPETITION SCREENING.] (a) Prior to filing a petition for commitment of or early intervention for a proposed patient, an interested person shall apply to the designated agency in the county of the proposed patient's residence or presence for conduct of a preliminary investigation, except when the proposed patient has been acquitted of a crime under section 611.026 and the county attorney is required to file a petition for commitment. The designated agency shall appoint a screening team to conduct an investigation which shall include:

(i) a personal interview with the proposed patient and other individuals who appear to have knowledge of the condition of the proposed patient. If the proposed patient is not interviewed, reasons must be documented;

(ii) identification and investigation of specific alleged conduct which is the basis for application;

(iii) identification, exploration, and listing of the reasons for rejecting or recommending alternatives to involuntary placement; ~~and~~

(iv) in the case of a commitment based on mental illness, the following information, if it is known or available: information that may be relevant to the administration of neuroleptic medications, if necessary, including the existence of a declaration under section 253B.03, subdivision 6d, or a health care directive under chapter 145C or

a guardian, conservator, proxy, or agent with authority to make health care decisions for the proposed patient; information regarding the capacity of the proposed patient to make decisions regarding administration of neuroleptic medication; and whether the proposed patient is likely to consent or refuse consent to administration of the medication; and

(v) seeking input from the proposed patient's health plan company to provide the court with information about services the enrollee needs and the least restrictive alternatives.

(b) In conducting the investigation required by this subdivision, the screening team shall have access to all relevant medical records of proposed patients currently in treatment facilities. Data collected pursuant to this clause shall be considered private data on individuals. The prepetition screening report is not admissible in any court proceedings unrelated to the commitment proceedings.

(c) When the prepetition screening team recommends commitment, a written report shall be sent to the county attorney for the county in which the petition is to be filed.

(d) The prepetition screening team shall refuse to support a petition if the investigation does not disclose evidence sufficient to support commitment. Notice of the prepetition screening team's decision shall be provided to the prospective petitioner.

(e) If the interested person wishes to proceed with a petition contrary to the recommendation of the prepetition screening team, application may be made directly to the county attorney, who may determine whether or not to proceed with the petition. Notice of the county attorney's determination shall be provided to the interested party.

(f) If the proposed patient has been acquitted of a crime under section 611.026, the county attorney shall apply to the designated county agency in the county in which the acquittal took place for a preliminary investigation unless substantially the same information relevant to the proposed patient's current mental condition, as could be obtained by a preliminary investigation, is part of the court record in the criminal proceeding or is contained in the report of a mental examination conducted in connection with the criminal proceeding. If a court petitions for commitment pursuant to the rules of criminal or juvenile procedure or a county attorney petitions pursuant to acquittal of a criminal charge under section 611.026, the prepetition investigation, if required by this section, shall be completed within seven days after the filing of the petition.

Sec. 15. Minnesota Statutes 1998, section 253B.185, is amended by adding a subdivision to read:

Subd. 5. [AFTERCARE AND CASE MANAGEMENT.] The state, in collaboration with the designated agency, is responsible for arranging and funding the aftercare and case management services for persons under commitment as sexual psychopathic personalities and sexually dangerous persons discharged after July 1, 1999.

Sec. 16. Minnesota Statutes 1998, section 254A.07, subdivision 2, is amended to read:

Subd. 2. The county boards may make grants for local agency programs for prevention, care, and treatment of alcohol and other drug abuse as developed and defined by the state authority. Grants made for programs serving the American Indian community shall take into account the guidelines established in section 254A.03, subdivision 1, clause ~~(j)~~ (k). Grants may be made for the cost of these local agency programs and services whether provided directly by county boards or by other public and private agencies and organizations, both profit and nonprofit, and individuals, pursuant to contract. Nothing herein shall prevent the state authority from entering into contracts with and making grants to other state agencies for the purpose of providing specific services and programs, except that effective July 1, 2001, the state authority shall not make grants using state funds for chemical dependency prevention activities and for case management services for chronic alcoholics. With the approval of the county board, the state authority may make grants or contracts for research or demonstration projects specific to needs within that county.

Sec. 17. Minnesota Statutes 1998, section 254B.01, is amended by adding a subdivision to read:

Subd. 7. [ROOM AND BOARD RATE.] "Room and board rate" means a rate set for shelter, fuel, food, utilities, household supplies, and other costs necessary to provide room and board for a person in need of chemical dependency services.

Sec. 18. Minnesota Statutes 1998, section 254B.02, subdivision 3, is amended to read:

Subd. 3. [RESERVE ACCOUNT.] The commissioner shall allocate money from the reserve account to counties that, during the current fiscal year, have met or exceeded the base level of expenditures for eligible chemical dependency services from local money. The commissioner shall establish the base level for fiscal year 1988 as the amount of local money used for eligible services in calendar year 1986. In later years, the base level must be increased in the same proportion as state appropriations to implement Laws 1986, chapter 394, sections 8 to 20, are increased. The base level must be decreased if the fund balance from which allocations are made under section 254B.02, subdivision 1, is decreased in later years. The local match rate for the reserve account is the same rate as applied to the initial allocation. Reserve account payments must not be included when calculating the county adjustments made according to subdivision 2. For counties providing medical assistance or general assistance medical care through managed care plans on January 1, 1996, the base year is fiscal year 1995. For counties beginning provision of managed care after January 1, 1996, the base year is the most recent fiscal year before enrollment in managed care begins. For counties providing managed care, the base level will be increased or decreased in proportion to changes in the fund balance from which allocations are made under subdivision 2, but will be additionally increased or decreased in proportion to the change in county adjusted population made in subdivision 1, paragraphs (b) and (c). Effective July 1, 1999, any funds deposited in the reserve account funds in excess of those needed to meet obligations incurred under this section and sections 254B.06 and 254B.09 shall cancel to the general fund.

Sec. 19. Minnesota Statutes 1998, section 254B.03, subdivision 1, is amended to read:

Subdivision 1. [LOCAL AGENCY DUTIES.] (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner for placement in a chemical dependency residential or nonresidential treatment service. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.001 to 14.69.

(b) In order to contain costs, the county board shall, with the approval of the commissioner of human services, select eligible vendors of chemical dependency services who can provide economical and appropriate treatment. Unless the local agency is a social services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 254B.05. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate. If a county selects a vendor located in another state, the county shall ensure that the vendor is in compliance with the rules governing licensure of programs located in the state.

(c) The calendar year 1998 rate for vendors may not increase more than three percent above the rate approved in effect on January 1, 1997. The calendar year 1999 rate for vendors may not increase more than three percent above the rate in effect on January 1, 1998.

(d) A culturally specific vendor that provides assessments under a variance under Minnesota Rules, part 9530.6610, shall be allowed to provide assessment services to persons not covered by the variance.

(e) The rates for vendors of inpatient treatment services for calendar year 2000 and calendar year 2001 may not increase above the rate in effect on January 1, 1999.

(f) The calendar year 2000 rate for vendors of outpatient treatment services may not increase more than two percent above the rate in effect on January 1, 1999. The calendar year 2001 rate for vendors of outpatient treatment services may not increase more than two percent above the rate in effect on January 1, 2000.

Sec. 20. Minnesota Statutes 1998, section 254B.03, subdivision 2, is amended to read:

Subd. 2. [CHEMICAL DEPENDENCY ~~SERVICES~~ FUND PAYMENT.] (a) Payment from the chemical dependency fund is limited to payments for services other than detoxification that, if located outside of federally recognized tribal lands, would be required to be licensed by the commissioner as a chemical dependency treatment or rehabilitation program under sections 245A.01 to 245A.16, and services other than detoxification provided in another state that would be required to be licensed as a chemical dependency program if the program were in the state. Out of state vendors must also provide the commissioner with assurances that the program complies substantially with state licensing requirements and possesses all licenses and certifications required by the host state to provide chemical dependency treatment. ~~Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245A.03.~~ Except for chemical dependency transitional rehabilitation programs, vendors receiving payments from the chemical dependency fund must not require copayment from a recipient of benefits for services provided under this subdivision. Payment from the chemical dependency fund shall be made for necessary room and board costs provided by vendors certified according to section 254B.05, or in a community hospital licensed by the commissioner of health according to sections 144.50 to 144.56 to a client who is:

(1) determined to meet the criteria for placement in a residential chemical dependency treatment program according to rules adopted under section 254A.03, subdivision 3; and

(2) concurrently receiving a chemical dependency treatment service in a program licensed by the commissioner and reimbursed by the chemical dependency fund.

(b) A county may, from its own resources, provide chemical dependency services for which state payments are not made. A county may elect to use the same invoice procedures and obtain the same state payment services as are used for chemical dependency services for which state payments are made under this section if county payments are made to the state in advance of state payments to vendors. When a county uses the state system for payment, the commissioner shall make monthly billings to the county using the most recent available information to determine the anticipated services for which payments will be made in the coming month. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding month.

(c) The commissioner shall coordinate chemical dependency services and determine whether there is a need for any proposed expansion of chemical dependency treatment services. The commissioner shall deny vendor certification to any provider that has not received prior approval from the commissioner for the creation of new programs or the expansion of existing program capacity. The commissioner shall consider the provider's capacity to obtain clients from outside the state based on plans, agreements, and previous utilization history, when determining the need for new treatment services.

Sec. 21. Minnesota Statutes 1998, section 254B.05, subdivision 1, is amended to read:

Subdivision 1. [LICENSURE REQUIRED.] Programs licensed by the commissioner are eligible vendors. Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245A.03. American Indian programs located on federally recognized tribal lands that provide chemical dependency primary treatment, extended care, transitional residence, or outpatient treatment services, and are licensed by tribal government are eligible vendors. Detoxification programs are not eligible vendors. Programs that are not licensed as a chemical dependency residential or nonresidential treatment program by the commissioner or by tribal government are not eligible vendors. To be eligible for payment under the Consolidated Chemical Dependency Treatment Fund, a vendor of a chemical dependency service must participate in the Drug and Alcohol Abuse Normative Evaluation System and the treatment accountability plan.

Effective January 1, 2000, vendors of room and board are eligible for chemical dependency fund payment if the vendor:

(1) is certified by the county or tribal governing body as having rules prohibiting residents bringing chemicals into the facility or using chemicals while residing in the facility and provide consequences for infractions of those rules;

(2) has a current contract with a county or tribal governing body;

(3) is determined to meet applicable health and safety requirements;

(4) is not a jail or prison; and

(5) is not concurrently receiving funds under chapter 256I for the recipient.

Sec. 22. Minnesota Statutes 1998, section 256.01, subdivision 6, is amended to read:

Subd. 6. [ADVISORY TASK FORCES.] The commissioner may appoint advisory task forces to provide consultation on any of the programs under the commissioner's administration and supervision. A task force shall expire and the compensation, terms of office and removal of members shall be as provided in section 15.059. Notwithstanding section 15.059, the commissioner may pay a per diem of $35 to consumers and family members whose participation is needed in legislatively authorized state-level task forces, and whose participation on the task force is not as a paid representative of any agency, organization, or association.

Sec. 23. Laws 1995, chapter 207, article 8, section 41, as amended by Laws 1997, chapter 203, article 7, section 25, is amended to read:

Sec. 41. [245.4661] [PILOT PROJECTS TO ~~TEST~~ PROVIDE ALTERNATIVES TO DELIVERY OF ADULT MENTAL HEALTH SERVICES.]

Subdivision 1. [AUTHORIZATION FOR PILOT PROJECTS.] The commissioner of human services may approve pilot projects to ~~test~~ provide alternatives to or ~~the enhanced~~ enhance coordination of the delivery of mental health services required under the Minnesota Comprehensive Adult Mental Health Act, Minnesota Statutes, sections 245.461 to 245.486.

Subd. 2. [PROGRAM DESIGN AND IMPLEMENTATION.] (a) The pilot projects shall be established to design, plan, and improve the mental health service delivery system for adults with serious and persistent mental illness that would:

(1) provide an expanded array of services from which clients can choose services appropriate to their needs;

(2) be based on purchasing strategies that improve access and coordinate services without cost shifting;

(3) incorporate existing state facilities and resources into the community mental health infrastructure through creative partnerships with local vendors; and

(4) utilize existing categorical funding streams and reimbursement sources in combined and creative ways, except appropriations to regional treatment centers and all funds that are attributable to the operation of state-operated services are excluded unless appropriated specifically by the legislature for a purpose consistent with this section.

(b) All projects funded by January 1, 1997, must complete the planning phase and be operational by June 30, 1997; all projects funded by January 1, 1998, must be operational by June 30, 1998.

Subd. 3. [PROGRAM EVALUATION.] Evaluation of each project will be based on outcome evaluation criteria negotiated with each project prior to implementation.

Subd. 4. [NOTICE OF PROJECT DISCONTINUATION.] Each project may be discontinued for any reason by the project's managing entity or the commissioner of human services, after 90 days' written notice to the other party.

Subd. 5. [PLANNING FOR PILOT PROJECTS.] Each local plan for a pilot project must be developed under the direction of the county board, or multiple county boards acting jointly, as the local mental health authority. The planning process for each pilot shall include, but not be limited to, mental health consumers, families, advocates, local mental health advisory councils, local and state providers, representatives of state and local public employee bargaining units, and the department of human services. As part of the planning process, the county board or boards shall designate a managing entity responsible for receipt of funds and management of the pilot project.

Subd. 6. [DUTIES OF COMMISSIONER.] (a) For purposes of the pilot projects, the commissioner shall facilitate integration of funds or other resources as needed and requested by each project. These resources may include:

(1) residential services funds administered under Minnesota Rules, parts 9535.2000 to 9535.3000, in an amount to be determined by mutual agreement between the project's managing entity and the commissioner of human services after an examination of the county's historical utilization of facilities located both within and outside of the county and licensed under Minnesota Rules, parts 9520.0500 to 9520.0690;

(2) community support services funds administered under Minnesota Rules, parts 9535.1700 to 9535.1760;

(3) other mental health special project funds;

(4) medical assistance, general assistance medical care, MinnesotaCare and group residential housing if requested by the project's managing entity, and if the commissioner determines this would be consistent with the state's overall health care reform efforts; and

(5) regional treatment center nonfiscal resources to the extent agreed to by the project's managing entity and the regional treatment center.

(b) The commissioner shall consider the following criteria in awarding start-up and implementation grants for the pilot projects:

(1) the ability of the proposed projects to accomplish the objectives described in subdivision 2;

(2) the size of the target population to be served; and

(3) geographical distribution.

(c) The commissioner shall review overall status of the projects initiatives at least every two years and recommend any legislative changes needed by January 15 of each odd-numbered year.

(d) The commissioner may waive administrative rule requirements which are incompatible with the implementation of the pilot project.

(e) The commissioner may exempt the participating counties from fiscal sanctions for noncompliance with requirements in laws and rules which are incompatible with the implementation of the pilot project.

(f) The commissioner may award grants to an entity designated by a county board or group of county boards to pay for start-up and implementation costs of the pilot project.

Subd. 7. [DUTIES OF COUNTY BOARD.] The county board, or other entity which is approved to administer a pilot project, shall:

(1) administer the project in a manner which is consistent with the objectives described in subdivision 2 and the planning process described in subdivision 5;

(2) assure that no one is denied services for which they would otherwise be eligible; and

(3) provide the commissioner of human services with timely and pertinent information through the following methods:

(i) submission of community social services act plans and plan amendments;

(ii) submission of social services expenditure and grant reconciliation reports, based on a coding format to be determined by mutual agreement between the project's managing entity and the commissioner; and

(iii) submission of data and participation in an evaluation of the pilot projects, to be designed cooperatively by the commissioner and the projects.

Subd. 8. [EXPIRATION.] This section expires June 30, 2002.

Sec. 24. [CONVEYANCE OF STATE LANDS TO COUNTY OF ISANTI.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of human services, through the commissioner of administration, may transfer to the county of Isanti the lands described in paragraph (c), for no consideration. The commissioner of human services and the county may attach to the transfer conditions that they agree are appropriate, including conditions that relate to water and sewer service. The deed to convey the property must contain a clause that the property shall revert to the state if the property ceases to be used for a public purpose.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land that may be transferred consists of 21.9 acres, more or less, and is described as follows:

That part of the Southwest Quarter of the Southeast Quarter and that part of Government Lot 4, both in Section 32, Township 36, Range 23, Isanti County, Minnesota, described jointly as follows: Commencing at the southwest corner of the Southwest Quarter of the Southeast Quarter of Section 32; thence North 89 degrees 45 minutes 12 seconds East, assumed bearing, along the south line of said SW 1/4 of SE 1/4, a distance of 609.48 feet; thence North 1 degree 30 minutes 30 seconds West, a distance of 149.17 feet to the point of beginning of the parcel to be herein described; thence continuing North 1 degrees 30 minutes 30 seconds West, a distance of 1113.59 feet; thence South 89 degrees 59 minutes 36 seconds West, a distance of 496.41 feet; thence southwesterly along a tangential curve concave to the southeast, radius 318.10 feet, central angle 90 degrees 16 minutes 37 seconds, for an arc length of 501.21 feet; thence South 0 degrees 17 minutes 01 seconds East, tangent to said curve, for a distance of 86.59 feet; thence southerly along a tangential curve concave to the west, radius 398.10 feet, central angle 29 degrees 47 minutes 02 seconds, for an arc length of 206.94 feet; thence south 29 degrees 30 minutes 01 seconds West, tangent to said curve, for a distance of 34.23 feet; thence southerly along a tangential curve concave to the east, radius 318.10 feet, central angle 29 degrees 49 minutes 32 seconds, for an arc length of 165.59 feet; thence South 0 degrees 19 minutes 31 seconds East, tangent to said curve for a distance of 320.65 feet to the point of intersection with a line that bears West (North 90 degrees 00 minutes West) from the point of beginning; thence East (North 90 degrees 00 minutes East), a distance of 951.22 feet to the point of beginning.

Subject to the existing City of Cambridge water main easement.

(d) The county of Isanti may use the land for economic development. Economic development is a public purpose within the meaning of the term as used in Laws 1990, chapter 610, article 1, section 12, subdivision 5, and sales or conveyances to private parties shall be considered economic development. Property conveyed by the state under this section shall not revert to the state if it is conveyed or otherwise encumbered by the county as part of the county economic development activity.

Sec. 25. [CONVEYANCE OF STATE LAND TO CITY OF CAMBRIDGE.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of human services, through the commissioner of administration, may transfer to the city of Cambridge the lands described in paragraph (c), for no consideration. The commissioner of human services and the city may attach to the transfer conditions that they agree are appropriate, including conditions that relate to water and sewer service. The deed to convey the property must contain a clause that the property shall revert to the state if the property ceases to be used for a public purpose.

(b) The conveyance must be in a form approved by the attorney general.

(c) Subject to the right-of-way for state trunk highway No. 293 and south Dellwood street and subject to other easements, reservations, road or street right-of-ways, and restrictions of record, if any, the land to be conveyed may include all or part of any of the parcels described as follows:

(1) that part of the Northeast Quarter of the Northeast Quarter of Section 5, Township 35, Range 23, Isanti County, Minnesota, lying north of a line drawn parallel with and 50 feet north of the center line of State Highway No. 293, as laid out and constructed and lying westerly of the following described line:

Commencing at a point where the West line of the right-of-way of the Great Northern Railway Company (presently the Burlington Northern and Santa Fe Railway) intersects the North line of said Section 5, said point now being the intersection of the North line of said Section 5 with the center line of State Trunk Highway No. 65 as now laid out and constructed (presently known as South Main Street); thence on a bearing of West and along the North line of said Section 5 a distance of 539.5 feet to the point of beginning of the line to be herein described; thence on a bearing of South, a distance of 451.75 feet to the point of intersection with a line drawn parallel with and distant 50 feet north of the center line of State Highway No. 293, as laid out and constructed and there terminating. Containing 1/4 acre, more or less.

(2) that part of the Northwest Quarter of the Southeast Quarter and that part of Governments Lots 3 and 4, all in Section 32, Township 36, Range 23, Isanti County, Minnesota, described jointly as follows:

Commencing at the East quarter corner of Section 32, Township 36, Range 23, Isanti County, Minnesota; thence South 89 degrees 44 minutes 35 seconds West, assumed bearing, along the east-west quarter line of said Section 32, a distance of 2251.43 feet; thence South 1 degree 48 minutes 40 seconds East, a distance of 344.47 feet to the south line of Lot 30 of Auditor's Subdivision No. 9; thence South 89 degrees 35 minutes 5 seconds West, along said south line and the westerly projection thereof, a distance of 740.00 feet to the point of beginning of the parcel to be herein described; thence North 89 degrees 35 minutes, 05 seconds East, retracing the last described course, a distance of 534.66 feet to the northwest corner of the recorded plat of RIVERWOOD VILLAGE; thence South 2 degrees 40 minutes 50 seconds East, a distance of 338.38 feet, along the westerly line of said RIVERWOOD VILLAGE to the southwest corner of said RIVERWOOD VILLAGE; thence North 89 degrees 44 minutes 50 seconds East, along the south line of said RIVERWOOD VILLAGE, a distance of 1074.56 feet; thence South 3 degrees 35 minutes 15 seconds East, a distance of 258.66 feet; thence southwesterly along a tangential curve concave to the northwest, radius 318.10 feet, central angle 93 degrees 34 minutes 51 seconds for an arc length of 519.56 feet; thence South 89 degrees 59 minutes 37 seconds West tangent to said curve for a distance of 825.86 feet; thence southwesterly along a tangential curve concave to the southeast, radius 398.10 feet, central angle 70 degrees 55 minutes 13 seconds, for an arc length of 492.76 feet; thence South 89 degrees 51 minutes 30 seconds West, not tangent to the last described curve for a distance of 523.31 feet; thence South 1 degree 57 minutes 33 seconds West, a distance of 29.59 feet; thence South 89 degrees 57 minutes 55 seconds West, a distance of 1020 feet, more or less, to the easterly shoreline of the Rum River; thence northerly along said easterly shoreline to the point of intersection with a line that bears North 45 degrees 24 minutes 55 seconds West from the point of beginning; thence South 45 degrees 24 minutes 55 seconds East, along said line, a distance of 180 feet, more or less, to the point of beginning. Containing 48 acres, more or less.

(3) that part of the Northwest Quarter of the Northeast Quarter and that part of the Northeast Quarter of the Northwest Quarter, both in Section 5, Township 35, Range 23, Isanti County, Minnesota, described jointly as follows:

Beginning at the northwest corner of the NW 1/4 of NE 1/4 of Section 5; thence North 89 degrees 45 minutes 12 seconds East, assumed bearing, along the north line of said NW 1/4 of NE 1/4, a distance of 1321.82 feet to the northeast corner of said NW 1/4 of NE 1/4 thence South 4 degrees 04 minutes 02 seconds West, along the east line of said NW 1/4 of NE 1/4, a distance of 452.83 feet; thence South 89 degrees 45 minutes 02 seconds West, a distance of 1393.6 feet; thence northwesterly, along a non-tangential curve concave to the northeast, radius 318.17 feet, central angle 75 degrees 28 minutes 03 seconds, for an arc length of 419.08 feet (the chord of said curve bears North 38 degrees 03 minutes 32 seconds West and has a length of 389.44 feet); thence North 0 degrees 19 minutes 31 seconds West, tangent to said curve, for a distance of 142.65 feet to the north line of the NE 1/4 of NW 1/4 of said Section 5; thence North 89 degrees 32 minutes 15 seconds East, along said north line, a distance of 344.81 feet to the point of beginning. Containing 16 acres, more or less.

(4) that part of the Southwest Quarter of the Southeast Quarter, that part of the Northwest Quarter of the Southeast Quarter and that part of Government Lot 4, all in Section 32, Township 36, Range 23, Isanti County, Minnesota, described jointly as follows:

Beginning at the southwest corner of the SW 1/4 of SE 1/4 of Section 32; thence North 89 degrees 45 minutes 12 seconds East, assumed bearing, along the south line of said SW 1/4 of SE 1/4, a distance of 1321.82 feet to the southeast corner of said SW 1/4 of SE 1/4 thence North 2 degrees 40 minutes 49 seconds West, along the east line of said SW 1/4 of SE 1/4 and along the east line of the NW 1/4 of SE 1/4, a distance of 1465.32 feet; thence southwesterly along a non-tangential curve concave to the northwest, radius 398.10 feet, central angle 60 degrees 52 minutes 54 seconds, for an arc length of 423.02 feet (said curve has a chord that bears South 59 degrees 33 minutes 09 seconds West and a chord length of 403.40 feet); thence South 89 degrees 59 minutes 37 seconds West, tangent to said curve, for a distance of 825.68 feet; thence southwesterly along a tangential curve concave to the southeast, radius 318.10 feet, central angle 90 degrees 16 minutes 37 seconds, for an arc length of 501.21 feet; thence South 0 degrees 17 minutes 01 seconds East, tangent to said curve, for a distance of 86.59 feet; thence southerly along a tangential curve concave to the West, radius 398.10 feet, central angle 29 degrees 47 minutes 02 seconds, for an arc length of 206.94 feet; thence South 29 degrees 30 minutes 01 seconds West tangent to said curve, for a distance of 34.23 feet; thence southerly along a tangential curve concave to the east, radius 318.20 feet, central angle 29 degrees 49 minutes 32 seconds for an arc length of 165.59 feet; thence South 0 degrees 19 minutes 31 seconds East, tangent to said curve, for a distance of 475.17 feet to the south line of Government Lot 4, Section 32; thence North 89 degrees 32 minutes 15 seconds East, along said south line, a distance of 344.81 feet to the point of beginning. Containing 44.9 acres, more or less.

EXCEPTING THEREFROM that parcel described on Quit Claim Deed from the State of Minnesota to Wilfred R. and June E. Norman, filed in Book 92 of Deeds, page 647, in the office of the County Recorder, Isanti County, Minnesota.

ALSO EXCEPTING THEREFROM that parcel described on Quit Claim Deed from the State of Minnesota to Frank C. Brody and Lorraine D.S. Brody, filed in Book 102 of Deeds, page 232, in the office of the County Recorder, Isanti County, Minnesota.

(d) The city of Cambridge may use the land for economic development. Economic development is a public purpose within the meaning of the term as used in Laws 1990, chapter 610, article 1, section 12, subdivision 5, and sales or conveyances to private parties shall be considered economic development. Property conveyed by the state under this section shall not revert to the state if it is conveyed or otherwise encumbered by the city as a part of the city economic development activity.

Sec. 26. [CONVEYANCE OF CITY LAND TO STATE OF MINNESOTA.]

(a) The commissioner of administration may accept all, or any part of, the land described in paragraph (d) from the city of Cambridge, after the city council passes a resolution which declares the property is surplus to its needs.

(b) The conveyance shall be in a form approved by the attorney general.

(c) The conveyance may be subject to a scenic easement, as defined in Minnesota Statutes, section 103F.311, subdivision 6. The easement shall be under the custodial control of the commissioner of natural resources and only required on the portion of conveyed land that is designated for inclusion in the wild and scenic river system under Minnesota Statutes, section 103F.325. The scenic easement shall allow for continued use of any existing structures located within the easement and for development of walking paths or trails within the easement.

(d) Subject to the right-of-way for state trunk highway No. 293, and subject to other easements, reservations, street right-of-ways, and restrictions of record, if any, the land to be conveyed may include all, or part of, the parcel described as follows:

That part of Government Lot 4 and that part of the Northeast Quarter of the Northwest Quarter, all in Section 5, Township 35, Range 23, Isanti County, Minnesota, described jointly as follows: Commencing at the Northeast corner of the Northwest Quarter of Section 5, thence South 89 degrees 47 minutes 10 seconds West, assumed bearing along the north line of the Northwest Quarter of Section 5, a distance of 656.00 feet to the point of beginning of the parcel to be herein described, thence South 00 degrees 03 minutes 35 seconds East, a distance of 350.00 feet, thence South 89 degrees 47 minutes 10 seconds West, parallel with the north line of said Northwest Quarter of Section 5 to the easterly shoreline of the Rum River, thence northeasterly along said easterly shoreline to the north line of the Northwest Quarter of Section 5, thence North 89 degrees 47 minutes 10 seconds East, along said north line to the point of beginning.

Sec. 27. [REPORT TO LEGISLATURE ON CHEMICAL DEPENDENCY GRANT PROGRAMS.]

The commissioner of human services shall report and provide detailed outcome measures to the legislature, by January 1, 2001, on chemical dependency grant activities for:

(1) chemical dependency prevention, education, community awareness, and treatment services to Native Americans under Minnesota Statutes, sections 254A.03, subdivision 2, and 254A.031;

(2) chemical dependency case management services for chronic alcoholics under Minnesota Statutes, section 254A.07, subdivision 2;

(3) chemical dependency prevention activities under Minnesota Statutes, section 254A.07, subdivision 2; and

(4) chemical dependency treatment services to pregnant women and women with children under Minnesota Statutes, section 254A.17, subdivision 1a.

The report must contain sufficient information to assist the legislature in determining whether these grant activities are a cost-effective use of state funds and whether these grant activities should continue or be repealed.

Sec. 28. [REPORT TO LEGISLATURE ON ESTABLISHING ENTERPRISE ACTIVITIES WITHIN STATE-OPERATED SERVICES.]

The commissioner of human services shall report and make recommendations to the legislature, by December 15, 1999, on establishing enterprise activities within state-operated services, under Minnesota Statutes, section 246.0136, and their status.

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1998, section 254A.145, is repealed.

(b) Minnesota Statutes 1998, sections 462A.208; and 462A.21, subdivision 19, are repealed.

(c) Minnesota Statutes, sections 254A.03, subdivision 2; 254A.031; and 254A.17, subdivision 1a, are repealed June 30, 2001.

ARTICLE 6

MFIP AND ADULT SUPPORTS

Section 1. Minnesota Statutes 1998, section 256D.06, subdivision 5, is amended to read:

Subd. 5. Any applicant, otherwise eligible for general assistance and possibly eligible for maintenance benefits from any other source shall (a) make application for those benefits within 30 days of the general assistance application; and (b) execute an interim assistance authorization agreement on a form as directed by the commissioner. The commissioner shall review a denial of an application for other maintenance benefits and may require a recipient of general assistance to file an appeal of the denial if appropriate. If found eligible for benefits from other sources, and a payment received from another source relates to the period during which general assistance was also being received, the recipient shall be required to reimburse the county agency for the interim assistance paid. Reimbursement shall not exceed the amount of general assistance paid during the time period to which the other maintenance benefits apply and shall not exceed the state standard applicable to that time period. The commissioner shall adopt rules authorizing county agencies or other client representatives to retain from the amount recovered under an interim assistance agreement 25 percent plus actual reasonable fees, costs, and disbursements of appeals and litigation, of providing special assistance to the recipient in processing the recipient's claim for maintenance benefits from another source. The money retained under this section shall be from the state share of the recovery. The commissioner or the county agency may contract with qualified persons to provide the special assistance. The rules adopted by the commissioner shall include the methods by which county agencies shall identify, refer, and assist recipients who may be eligible for benefits under federal programs for the disabled. This subdivision does not require repayment of per diem payments made to shelters for battered women pursuant to section 256D.05, subdivision 3.

Sec. 2. Minnesota Statutes 1998, section 256J.02, subdivision 2, is amended to read:

Subd. 2. [USE OF MONEY.] State money appropriated for purposes of this section and TANF block grant money must be used for:

(1) financial assistance to or on behalf of any minor child who is a resident of this state under section 256J.12;

(2) employment and training services under this chapter or chapter 256K;

(3) emergency financial assistance and services under section 256J.48;

(4) diversionary assistance under section 256J.47; ~~and~~

(5) family assets for independence accounts under Laws 1998, First Special Session chapter 1, article 1;

(6) the pathways program under section 116L.04, subdivision 1a;

(7) welfare-to-work extended employment services for MFIP participants with severe impairment to employment as defined in section 268A.15, subdivision 1a;

(8) the family homeless prevention and assistance program under section 462A.204;

(9) the rent assistance for family stabilization demonstration project under section 462A.205; and

(10) program administration under this chapter.

Sec. 3. Minnesota Statutes 1998, section 256J.08, subdivision 11, is amended to read:

Subd. 11. [CAREGIVER.] "Caregiver" means a minor child's natural or adoptive parent or parents and stepparent who live in the home with the minor child. For purposes of determining eligibility for this program, caregiver also means any of the following individuals, if adults, who live with and provide care and support to a minor child when the minor child's natural or adoptive parent or parents or stepparents do not reside in the same home: legal custodian or guardian, grandfather, grandmother, brother, sister, half-brother, half-sister, stepbrother, stepsister, uncle, aunt, first cousin or first cousin once removed, nephew, niece, person of preceding generation as denoted by prefixes of "great," "great-great," or "great-great-great," or a spouse of any person named in the above groups even after the marriage ends by death or divorce.

Sec. 4. Minnesota Statutes 1998, section 256J.08, is amended by adding a subdivision to read:

Subd. 28a. [ENCUMBRANCE.] "Encumbrance" means a legal claim against real or personal property that is payable upon the sale of that property.

Sec. 5. Minnesota Statutes 1998, section 256J.08, is amended by adding a subdivision to read:

Subd. 55a. [MFIP STANDARD OF NEED.] "MFIP standard of need" means the appropriate standard used to determine MFIP benefit payments for the MFIP unit and applies to:

(1) the transitional standard, sections 256J.08, subdivision 85, and 256J.24, subdivision 5;

(2) the shared household standard, section 256J.24, subdivision 9; and

(3) the interstate transition standard, section 256J.43.

Sec. 6. Minnesota Statutes 1998, section 256J.08, subdivision 65, is amended to read:

Subd. 65. [PARTICIPANT.] "Participant" means a person who is currently receiving cash assistance ~~and~~ or the food portion available through ~~MFIP-S~~ MFIP as funded by TANF and the food stamp program. A person who fails to withdraw or access electronically any portion of the person's cash and food assistance payment by the end of the payment month, who makes a written request for closure before the first of a payment month and repays cash and food assistance electronically issued for that payment month within that payment month, or who returns any uncashed assistance check and food coupons and withdraws from the program is not a participant. A person who withdraws a cash or food assistance payment by electronic transfer or receives and cashes ~~a cash~~ an MFIP assistance check or food coupons and is subsequently determined to be ineligible for assistance for that period of time is a participant, regardless whether that assistance is repaid. The term "participant" includes the caregiver relative and the minor child whose needs are included in the assistance payment. A person in an assistance unit who does not receive a cash and food assistance payment because the person has been suspended from ~~MFIP-S or because the person's need falls below the $10 minimum payment level~~ MFIP is a participant.

Sec. 7. Minnesota Statutes 1998, section 256J.08, subdivision 82, is amended to read:

Subd. 82. [SANCTION.] "Sanction" means the reduction of a family's assistance payment by a specified percentage of the ~~applicable transitional~~ MFIP standard of need because: a nonexempt participant fails to comply with the requirements of sections 256J.52 to 256J.55; a parental caregiver fails without good cause to cooperate with the child support enforcement requirements; or a participant fails to comply with the insurance, tort liability, or other requirements of this chapter.

Sec. 8. Minnesota Statutes 1998, section 256J.08, subdivision 86a, is amended to read:

Subd. 86a. [UNRELATED MEMBER.] "Unrelated member" means an individual in the household who does not meet the definition of an eligible caregiver~~, but does not include an individual who provides child care to a child in the assistance unit~~.

Sec. 9. Minnesota Statutes 1998, section 256J.11, subdivision 2, is amended to read:

Subd. 2. [NONCITIZENS; FOOD PORTION.] ~~(a) For the period September 1, 1997, to October 31, 1997, noncitizens who do not meet one of the exemptions in section 412 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, but were residing in this state as of July 1, 1997, are eligible for the 6/10 of the average value of food stamps for the same family size and composition until MFIP-S is operative in the noncitizen's county of financial responsibility and thereafter, the 6/10 of the food portion of MFIP-S. However, federal food stamp dollars cannot be used to fund the food portion of MFIP-S benefits for an individual under this subdivision.~~

~~(b) For the period November 1, 1997, to June 30, 1999, noncitizens who do not meet one of the exemptions in section 412 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and are receiving cash assistance under the AFDC, family general assistance, MFIP or MFIP-S programs are eligible for the average value of food stamps for the same family size and composition until MFIP-S is operative in the noncitizen's county of financial responsibility and thereafter, the food portion of MFIP-S. However, federal food stamp dollars cannot be used to fund the food portion of MFIP-S benefits for an individual under this subdivision~~ State dollars shall fund the food portion of a noncitizen's MFIP benefits when federal food stamp dollars cannot be used to fund those benefits. The assistance provided under this subdivision, which is designated as a supplement to replace lost benefits under the federal food stamp program, must be disregarded as income in all programs that do not count food stamps as income where the commissioner has the authority to make the income disregard determination for the program.

~~(c) The commissioner shall submit a state plan to the secretary of agriculture to allow the commissioner to purchase federal Food Stamp Program benefits in an amount equal to the MFIP-S food portion for each legal noncitizen receiving MFIP-S assistance who is ineligible to participate in the federal Food Stamp Program solely due to the provisions of section 402 or 403 of Public Law Number 104-193, as authorized by Title VII of the 1997 Emergency Supplemental Appropriations Act, Public Law Number 105-18. The commissioner shall enter into a contract as necessary with the secretary to use the existing federal Food Stamp Program benefits delivery system for the purposes of administering the food portion of MFIP-S under this subdivision.~~

Sec. 10. Minnesota Statutes 1998, section 256J.11, subdivision 3, is amended to read:

Subd. 3. [BENEFITS FUNDED WITH STATE MONEY.] Legal adult noncitizens who have resided in the country for four years or more as a lawful permanent resident, whose benefits are funded entirely with state money, and who are under 70 years of age, must, as a condition of eligibility:

(1) be enrolled in a literacy class, English as a second language class, or a citizen class;

(2) be applying for admission to a literacy class, English as a second language class, and is on a waiting list;

(3) be in the process of applying for a waiver from the Immigration and Naturalization Service of the English language or civics requirements of the citizenship test;

(4) have submitted an application for citizenship to the Immigration and Naturalization Service and is waiting for a testing date or a subsequent swearing in ceremony; or

(5) have been denied citizenship due to a failure to pass the test after two attempts or because of an inability to understand the rights and responsibilities of becoming a United States citizen, as documented by the Immigration and Naturalization Service or the county.

If the county social service agency determines that a legal noncitizen subject to the requirements of this subdivision will require more than one year of English language training, then the requirements of clause (1) or (2) shall be imposed after the legal noncitizen has resided in the country for three years. Individuals who reside in a facility licensed under chapter 144A, 144D, 245A, or 256I are exempt from the requirements of this subdivision.

Sec. 11. Minnesota Statutes 1998, section 256J.12, subdivision 1a, is amended to read:

Subd. 1a. [30-DAY RESIDENCY REQUIREMENT.] An assistance unit is considered to have established residency in this state only when a child or caregiver has resided in this state for at least 30 consecutive days with the intention of making the person's home here and not for any temporary purpose. The birth of a child in Minnesota to a member of the assistance unit does not automatically establish the residency in this state under this subdivision of the other members of the assistance unit. Time spent in a shelter for battered women shall count toward satisfying the 30-day residency requirement.

Sec. 12. Minnesota Statutes 1998, section 256J.12, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] (a) A county shall waive the 30-day residency requirement where unusual hardship would result from denial of assistance.

(b) For purposes of this section, unusual hardship means an assistance unit:

(1) is without alternative shelter; or

(2) is without available resources for food.

(c) For purposes of this subdivision, the following definitions apply (1) "metropolitan statistical area" is as defined by the U.S. Census Bureau; (2) "alternative shelter" includes any shelter that is located within the metropolitan statistical area containing the county and for which the family is eligible, provided the assistance unit does not have to travel more than 20 miles to reach the shelter and has access to transportation to the shelter. Clause (2) does not apply to counties in the Minneapolis-St. Paul metropolitan statistical area.

(d) Applicants are considered to meet the residency requirement under subdivision 1a if they once resided in Minnesota and:

(1) joined the United States armed services, returned to Minnesota within 30 days of leaving the armed services, and intend to remain in Minnesota; or

(2) left to attend school in another state, paid nonresident tuition or Minnesota tuition rates under a reciprocity agreement, and returned to Minnesota within 30 days of graduation with the intent to remain in Minnesota.

(e) The 30-day residence requirement is met when:

(1) a minor child or a minor caregiver moves from another state to the residence of a relative caregiver; and

~~(2) the minor caregiver applies for and receives family cash assistance;~~

~~(3) the relative caregiver chooses not to be part of the MFIP-S assistance unit; and~~

~~(4) the relative caregiver has resided in Minnesota for at least 30 days prior to the date the assistance unit applies for cash assistance.~~

~~(f) Ineligible mandatory unit members who have resided in Minnesota for 12 months immediately before the unit's date of application establish the other assistance unit members' eligibility for the MFIP-S transitional standard.~~

(2) the relative caregiver has resided in Minnesota for at least 30 consecutive days and:

(i) the minor caregiver applies for and receives MFIP; or

(ii) the relative caregiver applies for assistance for the minor child but does not choose to be a member of the MFIP assistance unit.

Sec. 13. Minnesota Statutes 1998, section 256J.14, is amended to read:

256J.14 [ELIGIBILITY FOR PARENTING OR PREGNANT MINORS.]

(a) The definitions in this paragraph only apply to this subdivision.

(1) "Household of a parent, legal guardian, or other adult relative" means the place of residence of:

(i) a natural or adoptive parent;

(ii) a legal guardian according to appointment or acceptance under section 260.242, 525.615, or 525.6165, and related laws;

(iii) a caregiver as defined in section 256J.08, subdivision 11; or

(iv) an appropriate adult relative designated by a county agency.

(2) "Adult-supervised supportive living arrangement" means a private family setting which assumes responsibility for the care and control of the minor parent and minor child, or other living arrangement, not including a public institution, licensed by the commissioner of human services which ensures that the minor parent receives adult supervision and supportive services, such as counseling, guidance, independent living skills training, or supervision.

(b) A minor parent and the minor child who is in the care of the minor parent must reside in the household of a parent, legal guardian, other adult relative, or in an adult-supervised supportive living arrangement in order to receive ~~MFIP-S~~ MFIP unless:

(1) the minor parent has no living parent, other adult relative, or legal guardian whose whereabouts is known;

(2) no living parent, other adult relative, or legal guardian of the minor parent allows the minor parent to live in the parent's, other adult relative's, or legal guardian's home;

(3) the minor parent lived apart from the minor parent's own parent or legal guardian for a period of at least one year before either the birth of the minor child or the minor parent's application for ~~MFIP-S~~ MFIP;

(4) the physical or emotional health or safety of the minor parent or minor child would be jeopardized if the minor parent and the minor child resided in the same residence with the minor parent's parent, other adult relative, or legal guardian; or

(5) an adult supervised supportive living arrangement is not available for the minor parent and child in the county in which the minor parent and child currently reside. If an adult supervised supportive living arrangement becomes available within the county, the minor parent and child must reside in that arrangement.

(c) The county agency shall inform minor applicants ~~must be informed~~ both orally and in writing about the eligibility requirements ~~and,~~ their rights and obligations under the ~~MFIP-S~~ MFIP program, and any other applicable orientation information. The county must advise the minor of the possible exemptions and specifically ask whether one or more of these exemptions is applicable. If the minor alleges one or more of these exemptions, then the county must assist the minor in obtaining the necessary verifications to determine whether or not these exemptions apply.

(d) If the county worker has reason to suspect that the physical or emotional health or safety of the minor parent or minor child would be jeopardized if they resided with the minor parent's parent, other adult relative, or legal guardian, then the county worker must make a referral to child protective services to determine if paragraph (b), clause (4), applies. A new determination by the county worker is not necessary if one has been made within the last six months, unless there has been a significant change in circumstances which justifies a new referral and determination.

(e) If a minor parent is not living with a parent, legal guardian, or other adult relative due to paragraph (b), clause (1), (2), or (4), the minor parent must reside, when possible, in a living arrangement that meets the standards of paragraph (a), clause (2).

(f) ~~When a minor parent and minor child live with a parent, other adult relative, legal guardian, or in an adult-supervised supportive~~ Regardless of living arrangement, ~~MFIP-S~~ MFIP must be paid, when possible, in the form of a protective payment on behalf of the minor parent and minor child according to section 256J.39, subdivisions 2 to 4.

Sec. 14. Minnesota Statutes 1998, section 256J.20, subdivision 3, is amended to read:

Subd. 3. [OTHER PROPERTY LIMITATIONS.] To be eligible for ~~MFIP-S~~ MFIP, the equity value of all nonexcluded real and personal property of the assistance unit must not exceed $2,000 for applicants and $5,000 for ongoing participants. The value of assets in clauses (1) to (20) must be excluded when determining the equity value of real and personal property:

(1) a licensed vehicle up to a loan value of less than or equal to $7,500. The county agency shall apply any excess loan value as if it were equity value to the asset limit described in this section. If the assistance unit owns more than one licensed vehicle, the county agency shall determine the vehicle with the highest loan value and count only the loan value over $7,500, excluding: (i) the value of one vehicle per physically disabled person when the vehicle is needed to transport the disabled unit member; this exclusion does not apply to mentally disabled people; (ii) the value of special equipment for a handicapped member of the assistance unit; and (iii) any vehicle used for long-distance travel, other than daily commuting, for the employment of a unit member.

The county agency shall count the loan value of all other vehicles and apply this amount as if it were equity value to the asset limit described in this section. ~~The value of special equipment for a handicapped member of the assistance unit is excluded.~~ To establish the loan value of vehicles, a county agency must use the N.A.D.A. Official Used Car Guide, Midwest Edition, for newer model cars. When a vehicle is not listed in the guidebook, or when the applicant or participant disputes the loan value listed in the guidebook as unreasonable given the condition of the particular vehicle, the county agency may require the applicant or participant document the loan value by securing a written statement from a motor vehicle dealer licensed under section 168.27, stating the amount that the dealer would pay to purchase the vehicle. The county agency shall reimburse the applicant or participant for the cost of a written statement that documents a lower loan value;

(2) the value of life insurance policies for members of the assistance unit;

(3) one burial plot per member of an assistance unit;

(4) the value of personal property needed to produce earned income, including tools, implements, farm animals, inventory, business loans, business checking and savings accounts used at least annually and used exclusively for the operation of a self-employment business, and any motor vehicles if at least 50 percent of the vehicle's use is to produce income and if the vehicles are essential for the self-employment business;

(5) the value of personal property not otherwise specified which is commonly used by household members in day-to-day living such as clothing, necessary household furniture, equipment, and other basic maintenance items essential for daily living;

(6) the value of real and personal property owned by a recipient of Supplemental Security Income or Minnesota supplemental aid;

(7) the value of corrective payments, but only for the month in which the payment is received and for the following month;

(8) a mobile home or other vehicle used by an applicant or participant as the applicant's or participant's home;

(9) money in a separate escrow account that is needed to pay real estate taxes or insurance and that is used for this purpose;

(10) money held in escrow to cover employee FICA, employee tax withholding, sales tax withholding, employee worker compensation, business insurance, property rental, property taxes, and other costs that are paid at least annually, but less often than monthly;

(11) monthly assistance, emergency assistance, and diversionary payments for the current month's needs;

(12) the value of school loans, grants, or scholarships for the period they are intended to cover;

(13) payments listed in section 256J.21, subdivision 2, clause (9), which are held in escrow for a period not to exceed three months to replace or repair personal or real property;

(14) income received in a budget month through the end of the payment month;

(15) savings from earned income of a minor child or a minor parent that are set aside in a separate account designated specifically for future education or employment costs;

(16) the federal earned income credit, Minnesota working family credit, state and federal income tax refunds, state homeowners and renters credits under chapter 290A, property tax rebates ~~under Laws 1997, chapter 231, article 1, section 16,~~ and other federal or state tax rebates in the month received and the following month;

(17) payments excluded under federal law as long as those payments are held in a separate account from any nonexcluded funds;

(18) money received by a participant of the corps to career program under section 84.0887, subdivision 2, paragraph (b), as a postservice benefit under the federal Americorps Act;

(19) the assets of children ineligible to receive ~~MFIP-S~~ MFIP benefits because foster care or adoption assistance payments are made on their behalf; and

(20) the assets of persons whose income is excluded under section 256J.21, subdivision 2, clause (43).

Sec. 15. Minnesota Statutes 1998, section 256J.21, subdivision 2, is amended to read:

Subd. 2. [INCOME EXCLUSIONS.] (a) The following must be excluded in determining a family's available income:

(1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9545.0010 to 9545.0260 and 9555.5050 to 9555.6265, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;

(2) reimbursements for employment training received through the Job Training Partnership Act, United States Code, title 29, chapter 19, sections 1501 to 1792b;

(3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, ~~or~~ employment, or informal carpooling arrangements directly related to employment;

(4) all educational assistance, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) ~~property tax rebates under Laws 1997, chapter 231, article 1, section 16; and~~

~~(v) other~~ federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

(10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;

(11) reimbursements for medical expenses that cannot be paid by medical assistance;

(12) payments by a vocational rehabilitation program administered by the state under chapter 268A, except those payments that are for current living expenses;

(13) in-kind income, including any payments directly made by a third party to a provider of goods and services;

(14) assistance payments to correct underpayments, but only for the month in which the payment is received;

(15) emergency assistance payments;

(16) funeral and cemetery payments as provided by section 256.935;

(17) nonrecurring cash gifts of $30 or less, not exceeding $30 per participant in a calendar month;

(18) any form of energy assistance payment made through Public Law Number 97-35, Low-Income Home Energy Assistance Act of 1981, payments made directly to energy providers by other public and private agencies, and any form of credit or rebate payment issued by energy providers;

(19) Supplemental Security Income, including retroactive payments;

(20) Minnesota supplemental aid, including retroactive payments;

(21) proceeds from the sale of real or personal property;

(22) adoption assistance payments under section 259.67;

(23) state-funded family subsidy program payments made under section 252.32 to help families care for children with mental retardation or related conditions;

(24) interest payments and dividends from property that is not excluded from and that does not exceed the asset limit;

(25) rent rebates;

(26) income earned by a minor caregiver ~~or,~~ minor child through age 6, or a minor child who is at least a half-time student in an approved elementary or secondary education program;

(27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;

(28) ~~MFIP-S~~ MFIP child care payments under section 119B.05;

(29) all other payments made through ~~MFIP-S~~ MFIP to support a caregiver's pursuit of greater self-support;

(30) income a participant receives related to shared living expenses;

(31) reverse mortgages;

(32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;

(36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part 2, sections 2271 to 2322;

(37) war reparations payments to Japanese Americans and Aleuts under United States Code, title 50, sections 1989 to 1989d;

(38) payments to veterans or their dependents as a result of legal settlements regarding Agent Orange or other chemical exposure under Public Law Number 101-239, section 10405, paragraph (a)(2)(E);

(39) income that is otherwise specifically excluded from ~~the MFIP-S program~~ MFIP consideration in federal law, state law, or federal regulation;

(40) security and utility deposit refunds;

(41) American Indian tribal land settlements excluded under Public Law Numbers 98-123, 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and Mille Lacs reservations and payments to members of the White Earth Band, under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

(42) all income of the minor parent's ~~parent~~ parents and ~~stepparent~~ stepparents when determining the grant for the minor parent in households that include a minor parent living with ~~a parent~~ parents or ~~stepparent~~ stepparents on ~~MFIP-S~~ MFIP with other children; and

(43) income of the minor parent's ~~parent~~ parents and ~~stepparent~~ stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in households that include a minor parent living with ~~a parent~~ parents or ~~stepparent~~ stepparents not on ~~MFIP-S~~ MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

(44) payments made to children eligible for relative custody assistance under section 257.85;

(45) vendor payments for goods and services made on behalf of a client unless the client has the option of receiving the payment in cash; and

(46) the principal portion of a contract for deed payment.

Sec. 16. Minnesota Statutes 1998, section 256J.21, subdivision 3, is amended to read:

Subd. 3. [INITIAL INCOME TEST.] The county agency shall determine initial eligibility by considering all earned and unearned income that is not excluded under subdivision 2. To be eligible for ~~MFIP-S~~ MFIP, the assistance unit's countable income minus the disregards in paragraphs (a) and (b) must be below the transitional standard of assistance according to section 256J.24 for that size assistance unit.

(a) The initial eligibility determination must disregard the following items:

(1) the employment disregard is 18 percent of the gross earned income whether or not the member is working full time or part time;

(2) dependent care costs must be deducted from gross earned income for the actual amount paid for dependent care up to a maximum of $200 per month for each child less than two years of age, and $175 per month for each child two years of age and older under this chapter and chapter 119B;

(3) all payments made according to a court order for spousal support or the support of children not living in the assistance unit's household shall be disregarded from the income of the person with the legal obligation to pay support, provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the support order; and

(4) an allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver according to section 256J.36.

(b) Notwithstanding paragraph (a), when determining initial eligibility for applicant units when at least one member has received ~~AFDC, family general assistance, MFIP, MFIP-R,~~ work first~~,~~ or ~~MFIP-S~~ MFIP in this state within four months of the most recent application for ~~MFIP-S~~ MFIP, the ~~employment~~ disregard for all unit members is 36 percent of the gross earned income.

After initial eligibility is established, the assistance payment calculation is based on the monthly income test.

Sec. 17. Minnesota Statutes 1998, section 256J.21, subdivision 4, is amended to read:

Subd. 4. [MONTHLY INCOME TEST AND DETERMINATION OF ASSISTANCE PAYMENT.] The county agency shall determine ongoing eligibility and the assistance payment amount according to the monthly income test. To be eligible for ~~MFIP-S~~ MFIP, the result of the computations in paragraphs (a) to (e) must be at least $1.

(a) Apply a 36 percent income disregard to gross earnings and subtract this amount from the family wage level. If the difference is equal to or greater than the ~~transitional~~ MFIP standard of need, the assistance payment is equal to the ~~transitional~~ MFIP standard of need. If the difference is less than the ~~transitional~~ MFIP standard of need, the assistance payment is equal to the difference. The employment disregard in this paragraph must be deducted every month there is earned income.

(b) All payments made according to a court order for spousal support or the support of children not living in the assistance unit's household must be disregarded from the income of the person with the legal obligation to pay support, provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the court order.

(c) An allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver must be made according to section 256J.36.

(d) Subtract unearned income dollar for dollar from the MFIP ~~transitional~~ standard of need to determine the assistance payment amount.

(e) When income is both earned and unearned, the amount of the assistance payment must be determined by first treating gross earned income as specified in paragraph (a). After determining the amount of the assistance payment under paragraph (a), unearned income must be subtracted from that amount dollar for dollar to determine the assistance payment amount.

(f) When the monthly income is greater than the ~~transitional or family wage level~~ MFIP standard of need after ~~applicable~~ deductions and the income will only exceed the standard for one month, the county agency must suspend the assistance payment for the payment month.

Sec. 18. Minnesota Statutes 1998, section 256J.24, subdivision 2, is amended to read:

Subd. 2. [MANDATORY ASSISTANCE UNIT COMPOSITION.] Except for minor caregivers and their children who must be in a separate assistance unit from the other persons in the household, when the following individuals live together, they must be included in the assistance unit:

(1) a minor child, including a pregnant minor;

(2) the minor child's minor siblings, minor half-siblings, and minor step-siblings;

(3) the minor child's natural parents, adoptive parents, and stepparents; and

(4) the spouse of a pregnant woman.

Sec. 19. Minnesota Statutes 1998, section 256J.24, subdivision 3, is amended to read:

Subd. 3. [INDIVIDUALS WHO MUST BE EXCLUDED FROM AN ASSISTANCE UNIT.] (a) The following individuals who are part of the assistance unit determined under subdivision 2 are ineligible to receive ~~MFIP-S~~ MFIP:

(1) individuals receiving Supplemental Security Income or Minnesota supplemental aid;

(2) ~~individuals living at home while performing court-imposed, unpaid community service work due to a criminal conviction;~~

~~(3)~~ individuals disqualified from the food stamp program or ~~MFIP-S~~ MFIP, until the disqualification ends;

~~(4)~~ (3) children on whose behalf federal, state, or local foster care payments are made, except as provided in sections 256J.13, subdivision 2, and 256J.74, subdivision 2; and

~~(5)~~ (4) children receiving ongoing monthly adoption assistance payments under section 259.67.

(b) The exclusion of a person under this subdivision does not alter the mandatory assistance unit composition.

Sec. 20. Minnesota Statutes 1998, section 256J.24, subdivision 7, is amended to read:

Subd. 7. [FAMILY WAGE LEVEL STANDARD.] The family wage level standard is 110 percent of the transitional standard under subdivision 5 and is the standard used when there is earned income in the assistance unit. As specified in section 256J.21, earned income is subtracted from the family wage level to determine the amount of the assistance payment. Not including the family wage level standard, assistance payments may not exceed the ~~shared household standard or the transitional~~ MFIP standard of need for the assistance unit~~, whichever is less~~.

Sec. 21. Minnesota Statutes 1998, section 256J.24, subdivision 8, is amended to read:

Subd. 8. [ASSISTANCE PAID TO ELIGIBLE ASSISTANCE UNITS.] Except for assistance units where a nonparental caregiver is not included in the grant, payments for shelter up to the amount of the cash portion of ~~MFIP-S~~ MFIP benefits for which the assistance unit is eligible shall be vendor paid for as many months as the assistance unit is eligible or six months, whichever comes first. The residual amount of the grant after vendor payment, if any, must be paid to the ~~MFIP-S~~ MFIP caregiver.

Sec. 22. Minnesota Statutes 1998, section 256J.24, subdivision 9, is amended to read:

Subd. 9. [SHARED HOUSEHOLD STANDARD; ~~MFIP-S~~ MFIP.] (a) Except as prohibited in paragraph (b), the county agency must use the shared household standard when the household includes one or more unrelated members, as that term is defined in section 256J.08, subdivision 86a. The county agency must use the shared household standard, unless a member of the assistance unit is a victim of domestic violence and has an approved safety plan, regardless of the number of unrelated members in the household.

(b) The county agency must not use the shared household standard when all unrelated members are one of the following:

(1) a recipient of public assistance benefits, including food stamps, Supplemental Security Income, adoption assistance, relative custody assistance, or foster care payments;

(2) a roomer or boarder, or a person to whom the assistance unit is paying room or board;

(3) a minor child under the age of 18;

(4) a minor caregiver living with the minor caregiver's parents or in an approved supervised living arrangement; ~~or~~

(5) a caregiver who is not the parent of the minor child in the assistance unit; or

(6) an individual who provides child care to a minor child in the MFIP assistance unit.

(c) The shared household standard must be discontinued if it is not approved by the United States Department of Agriculture under the ~~MFIP-S~~ MFIP waiver.

Sec. 23. Minnesota Statutes 1998, section 256J.26, subdivision 1, is amended to read:

Subdivision 1. [PERSON CONVICTED OF DRUG OFFENSES.] (a) Applicants or participants who have been convicted of a drug offense committed after July 1, 1997, may, if otherwise eligible, receive ~~AFDC or MFIP-S~~ MFIP benefits subject to the following conditions:

(1) Benefits for the entire assistance unit must be paid in vendor form for shelter and utilities during any time the applicant is part of the assistance unit.

(2) The convicted applicant or participant shall be subject to random drug testing as a condition of continued eligibility and following any positive test for an illegal controlled substance is subject to the following sanctions:

(i) for failing a drug test the first time, the participant's grant shall be reduced by ten percent of the ~~MFIP-S transitional~~ MFIP standard of need, ~~the shared household standard, or the interstate transitional standard, whichever is applicable~~ prior to making vendor payments for shelter and utility costs; or

(ii) for failing a drug test two or more times, the residual amount of the participant's grant after making vendor payments for shelter and utility costs, if any, must be reduced by an amount equal to 30 percent of the ~~MFIP-S transitional standard, the shared household standard, or the interstate transitional standard, whichever is applicable~~ MFIP standard of need.

(3) A participant who fails an initial drug test and is under a sanction due to other MFIP program requirements is subject to the sanction in clause (2)(ii).

(b) Applicants requesting only food stamps or participants receiving only food stamps, who have been convicted of a drug offense that occurred after July 1, 1997, may, if otherwise eligible, receive food stamps if the convicted applicant or participant is subject to random drug testing as a condition of continued eligibility. Following a positive test for an illegal controlled substance, the applicant is subject to the following sanctions:

(1) for failing a drug test the first time, food stamps shall be reduced by ten percent of the applicable food stamp allotment; and

(2) for failing a drug test two or more times, food stamps shall be reduced by an amount equal to 30 percent of the applicable food stamp allotment.

(c) For the purposes of this subdivision, "drug offense" means ~~a conviction~~ an offense that occurred after July 1, 1997, of sections 152.021 to 152.025, 152.0261, or 152.096. Drug offense also means a conviction in another jurisdiction of the possession, use, or distribution of a controlled substance, or conspiracy to commit any of these offenses, if the offense occurred after July 1, 1997, and the conviction is a felony offense in that jurisdiction, or in the case of New Jersey, a high misdemeanor.

Sec. 24. Minnesota Statutes 1998, section 256J.30, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENT TO APPLY FOR OTHER BENEFITS.] An applicant or participant must apply for, accept if eligible, and follow through with appealing any denials of eligibility for benefits from other programs for which the applicant or participant is potentially eligible and which would, if received, offset assistance payments. An applicant's or participant's failure to complete application for these benefits without good cause results in denial or termination of assistance. Good cause for failure to apply for these benefits is allowed when circumstances beyond the control of the applicant or participant prevent the applicant or participant from making an application.

Sec. 25. Minnesota Statutes 1998, section 256J.30, subdivision 7, is amended to read:

Subd. 7. [DUE DATE OF ~~MFIP-S~~ MFIP HOUSEHOLD REPORT FORM.] An ~~MFIP-S~~ MFIP household report form must be received by the county agency by the eighth calendar day of the month following the reporting period covered by the form. When the eighth calendar day of the month falls on a weekend or holiday, the ~~MFIP-S~~ MFIP household report form must be received by the county agency the first working day that follows the eighth calendar day. ~~The county agency must send a notice of termination because of a late or incomplete MFIP-S household report form.~~

Sec. 26. Minnesota Statutes 1998, section 256J.30, subdivision 8, is amended to read:

Subd. 8. [LATE ~~MFIP-S~~ MFIP HOUSEHOLD REPORT FORMS.] Paragraphs (a) to (d) apply to the reporting requirements in subdivision 7.

(a) When ~~a caregiver submits~~ the county agency receives an incomplete ~~MFIP-S~~ MFIP household report form ~~before the last working day of the month on which a ten-day notice of termination can be issued~~, the county agency must immediately return the incomplete form ~~on or before the ten-day notice deadline or any previously sent ten-day notice of termination is invalid~~ and clearly state what the caregiver must do for the form to be complete.

(b) ~~When a complete MFIP-S household report form is not received by a county agency before the last ten days of the month in which the form is due, the county agency must send A~~ The automated eligibility system must send a notice of proposed termination of assistance to the assistance unit if a complete MFIP household report form is not received by a county agency. The automated notice must be mailed to the caregiver by approximately the 16th of the month. When a caregiver submits an incomplete form on or after the date a notice of proposed termination has been sent, the termination is valid unless the caregiver submits a complete form before the end of the month.

(c) An assistance unit required to submit an ~~MFIP-S~~ MFIP household report form is considered to have continued its application for assistance if a complete ~~MFIP-S~~ MFIP household report form is received within a calendar month after the month in which ~~assistance was received~~ the form was due and assistance shall be paid for the period beginning with the first day of ~~the month in which the report was due~~ that calendar month.

(d) A county agency must allow good cause exemptions from the reporting requirements under subdivisions 5 and 6 when any of the following factors cause a caregiver to fail to provide the county agency with a completed ~~MFIP-S~~ MFIP household report form before the end of the month in which the form is due:

(1) an employer delays completion of employment verification;

(2) a county agency does not help a caregiver complete the ~~MFIP-S~~ MFIP household report form when the caregiver asks for help;

(3) a caregiver does not receive an ~~MFIP-S~~ MFIP household report form due to mistake on the part of the department or the county agency or due to a reported change in address;

(4) a caregiver is ill, or physically or mentally incapacitated; or

(5) some other circumstance occurs that a caregiver could not avoid with reasonable care which prevents the caregiver from providing a completed ~~MFIP-S~~ MFIP household report form before the end of the month in which the form is due.

Sec. 27. Minnesota Statutes 1998, section 256J.30, subdivision 9, is amended to read:

Subd. 9. [CHANGES THAT MUST BE REPORTED.] A caregiver must report the changes or anticipated changes specified in clauses (1) to ~~(16)~~ (17) within ten days of the date they occur, ~~within ten days of the date the caregiver learns that the change will occur,~~ at the time of the periodic recertification of eligibility under section 256J.32, subdivision 6, or within eight calendar days of a reporting period as in subdivision 5 or 6, whichever occurs first. A caregiver must report other changes at the time of the periodic recertification of eligibility under section 256J.32, subdivision 6, or at the end of a reporting period under subdivision 5 or 6, as applicable. A caregiver must make these reports in writing to the county agency. When a county agency could have reduced or terminated assistance for one or more payment months if a delay in reporting a change specified under clauses (1) to (16) had not occurred, the county agency must determine whether a timely notice under section 256J.31, subdivision 4, could have been issued on the day that the change occurred. When a timely notice could have been issued, each month's overpayment subsequent to that notice must be considered a client error overpayment under section 256J.38. Calculation of overpayments for late reporting under clause (17) is specified in section 256J.09, subdivision 9. Changes in circumstances which must be reported within ten days must also be reported on the ~~MFIP-S~~ MFIP household report form for the reporting period in which those changes occurred. Within ten days, a caregiver must report:

(1) a change in initial employment;

(2) a change in initial receipt of unearned income;

(3) a recurring change in unearned income;

(4) a nonrecurring change of unearned income that exceeds $30;

(5) the receipt of a lump sum;

(6) an increase in assets that may cause the assistance unit to exceed asset limits;

(7) a change in the physical or mental status of an incapacitated member of the assistance unit if the physical or mental status is the basis of exemption from an ~~MFIP-S work and training~~ MFIP employment services program;

(8) a change in employment status;

(9) ~~a change in household composition, including births, returns to and departures from the home of assistance unit members and financially responsible persons, or a change in the custody of a minor child~~ information affecting an exception under section 256J.24, subdivision 9;

(10) a change in health insurance coverage;

(11) the marriage or divorce of an assistance unit member;

(12) the death of a parent, minor child, or financially responsible person;

(13) a change in address or living quarters of the assistance unit;

(14) the sale, purchase, or other transfer of property;

(15) a change in school attendance of a custodial parent or an employed child; ~~and~~

(16) filing a lawsuit, a workers' compensation claim, or a monetary claim against a third party; and

(17) a change in household composition, including births, returns to and departures from the home of assistance unit members and financially responsible persons, or a change in the custody of a minor child.

Sec. 28. Minnesota Statutes 1998, section 256J.31, subdivision 5, is amended to read:

Subd. 5. [MAILING OF NOTICE.] The notice of adverse action shall be issued according to paragraphs (a) to ~~(c)~~ (d).

(a) A ~~county agency shall mail a~~ notice of adverse action must be mailed at least ten days before the effective date of the adverse action, except as provided in paragraphs (b) ~~and (c)~~ to (d).

(b) ~~A county agency must mail a notice of adverse action at least five days before the effective date of the adverse action when the county agency has factual information that requires an action to reduce, suspend, or terminate assistance based on probable fraud.~~

~~(c) A county agency shall mail~~ A notice of adverse action ~~before or on the effective date of the adverse action~~ must be mailed no later than four working days before the end of the month when the county agency:

(1) ~~receives the caregiver's signed monthly MFIP-S household report form that includes information that requires payment reduction, suspension, or termination;~~

~~(2)~~ is informed of the death of ~~a participant~~ the only caregiver or ~~the~~ payee in an assistance unit;

~~(3)~~ (2) receives a signed statement from the caregiver that assistance is no longer wanted;

~~(4) receives a signed statement from the caregiver that provides information that requires the termination or reduction of assistance~~ (3) has factual information to reduce, suspend, or terminate assistance based on the failure to timely report changes;

~~(5) verifies that a member of the assistance unit is absent from the home and does not meet temporary absence provisions in section 256J.13;~~

~~(6)~~ (4) verifies that a member of the assistance unit has entered a regional treatment center or a licensed residential facility for medical or psychological treatment or rehabilitation;

~~(7)~~ (5) verifies that a member of an assistance unit has been removed from the home as a result of a judicial determination or placed in foster care, and the provisions of section 256J.13, subdivision 2, paragraph (c), clause (2), do not apply;

~~(8) verifies that a member of an assistance unit has been approved to receive assistance by another state;~~ or

~~(9)~~ (6) cannot locate a caregiver.

(c) A notice of adverse action must be mailed for a payment month when the caregiver makes a written request for closure before the first of that payment month.

(d) A notice of adverse action must be mailed before the effective date of the adverse action when the county agency receives the caregiver's signed and completed MFIP household report form or recertification form that includes information that requires payment reduction, suspension, or termination.

Sec. 29. Minnesota Statutes 1998, section 256J.31, subdivision 12, is amended to read:

Subd. 12. [RIGHT TO DISCONTINUE CASH ASSISTANCE.] A participant who is not in vendor payment status may discontinue receipt of the cash assistance portion of ~~MFIP-S~~ the MFIP assistance grant and retain eligibility for child care assistance under section 119B.05 and for medical assistance under sections 256B.055, subdivision 3a, and 256B.0635. For the months a participant chooses to discontinue the receipt of the cash portion of the MFIP grant, the assistance unit accrues months of eligibility to be applied toward eligibility for child care under section 119B.05 and for medical assistance under sections 256B.055, subdivision 3a, and 256B.0635.

Sec. 30. Minnesota Statutes 1998, section 256J.32, subdivision 4, is amended to read:

Subd. 4. [FACTORS TO BE VERIFIED.] The county agency shall verify the following at application:

(1) identity of adults;

(2) presence of the minor child in the home, if questionable;

(3) relationship of a minor child to caregivers in the assistance unit;

(4) age, if necessary to determine ~~MFIP-S~~ MFIP eligibility;

(5) immigration status;

(6) social security number according to the requirements of section 256J.30, subdivision 12;

(7) income;

(8) self-employment expenses used as a deduction;

(9) source and purpose of deposits and withdrawals from business accounts;

(10) spousal support and child support payments made to persons outside the household;

(11) real property;

(12) vehicles;

(13) checking and savings accounts;

(14) savings certificates, savings bonds, stocks, and individual retirement accounts;

(15) pregnancy, if related to eligibility;

(16) inconsistent information, if related to eligibility;

(17) medical insurance;

(18) ~~anticipated graduation date of an 18-year-old;~~

~~(19)~~ burial accounts;

~~(20)~~ (19) school attendance, if related to eligibility;

~~(21)~~ (20) residence;

~~(22)~~ (21) a claim of domestic violence if used as a basis for a deferral or exemption from the 60-month time limit in section 256J.42 or employment and training services requirements in section 256J.56; ~~and~~

~~(23)~~ (22) disability if used as an exemption from employment and training services requirements under section 256J.56; and

(23) information needed to establish an exception under section 256J.24, subdivision 9.

Sec. 31. Minnesota Statutes 1998, section 256J.32, subdivision 6, is amended to read:

Subd. 6. [RECERTIFICATION.] The county agency shall recertify eligibility in an annual face-to-face interview with the participant and verify the following:

(1) presence of the minor child in the home, if questionable;

(2) income, unless excluded, including self-employment expenses used as a deduction or deposits or withdrawals from business accounts;

(3) assets when the value is within $200 of the asset limit; ~~and~~

(4) information to establish an exception under section 256J.24, subdivision 9, if questionable; and

(5) inconsistent information, if related to eligibility.

Sec. 32. Minnesota Statutes 1998, section 256J.33, is amended to read:

256J.33 [PROSPECTIVE AND RETROSPECTIVE DETERMINATION OF ~~MFIP-S~~ MFIP ELIGIBILITY.]

Subdivision 1. [DETERMINATION OF ELIGIBILITY.] A county agency must determine ~~MFIP-S~~ MFIP eligibility prospectively for a payment month based on retrospectively assessing income and the county agency's best estimate of the circumstances that will exist in the payment month.

Except as described in section 256J.34, subdivision 1, when prospective eligibility exists, a county agency must calculate the amount of the assistance payment using retrospective budgeting. To determine ~~MFIP-S~~ MFIP eligibility and the assistance payment amount, a county agency must apply countable income, described in section 256J.37, subdivisions 3 to 10, received by members of an assistance unit or by other persons whose income is counted for the assistance unit, described under sections 256J.21 and 256J.37, subdivisions 1 to 2.

This income must be applied to the ~~transitional~~ MFIP standard~~, shared household standard,~~ of need or family wage ~~standard~~ level subject to this section and sections 256J.34 to 256J.36. Income received in a calendar month and not otherwise excluded under section 256J.21, subdivision 2, must be applied to the needs of an assistance unit.

Subd. 2. [PROSPECTIVE ELIGIBILITY.] A county agency must determine whether the eligibility requirements that pertain to an assistance unit, including those in sections 256J.11 to 256J.15 and 256J.20, will be met prospectively for the payment month. Except for the provisions in section 256J.34, subdivision 1, the income test will be applied retrospectively.

Subd. 3. [RETROSPECTIVE ELIGIBILITY.] After the first two months of ~~MFIP-S~~ MFIP eligibility, a county agency must continue to determine whether an assistance unit is prospectively eligible for the payment month by looking at all factors other than income and then determine whether the assistance unit is retrospectively income eligible by applying the monthly income test to the income from the budget month. When the monthly income test is not satisfied, the assistance payment must be suspended when ineligibility exists for one month or ended when ineligibility exists for more than one month.

Subd. 4. [MONTHLY INCOME TEST.] A county agency must apply the monthly income test retrospectively for each month of ~~MFIP-S~~ MFIP eligibility. An assistance unit is not eligible when the countable income equals or exceeds the ~~transitional~~ MFIP standard~~, shared household standard,~~ of need or the family wage level for the assistance unit. The income applied against the monthly income test must include:

(1) gross earned income from employment, prior to mandatory payroll deductions, voluntary payroll deductions, wage authorizations, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36, unless the employment income is specifically excluded under section 256J.21, subdivision 2;

(2) gross earned income from self-employment less deductions for self-employment expenses in section 256J.37, subdivision 5, but prior to any reductions for personal or business state and federal income taxes, personal FICA, personal health and life insurance, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(3) unearned income after deductions for allowable expenses in section 256J.37, subdivision 9, and allocations in section 256J.36, unless the income has been specifically excluded in section 256J.21, subdivision 2;

(4) gross earned income from employment as determined under clause (1) which is received by a member of an assistance unit who is a minor child or minor caregiver and less than a half-time student;

(5) child support and spousal support received or anticipated to be received by an assistance unit;

(6) the income of a parent when that parent is not included in the assistance unit;

(7) the income of an eligible relative and spouse who seek to be included in the assistance unit; and

(8) the unearned income of a minor child included in the assistance unit.

Subd. 5. [WHEN TO TERMINATE ASSISTANCE.] When an assistance unit is ineligible for ~~MFIP-S~~ MFIP assistance for two consecutive months, the county agency must terminate ~~MFIP-S~~ MFIP assistance.

Sec. 33. Minnesota Statutes 1998, section 256J.34, subdivision 1, is amended to read:

Subdivision 1. [PROSPECTIVE BUDGETING.] A county agency must use prospective budgeting to calculate the assistance payment amount for the first two months for an applicant who has not received assistance in this state for at least one payment month preceding the first month of payment under a current application. Notwithstanding subdivision 3, paragraph (a), clause (2), a county agency must use prospective budgeting for the first two months for a person who applies to be added to an assistance unit. Prospective budgeting is not subject to overpayments or underpayments unless fraud is determined under section 256.98.

(a) The county agency must apply the income received or anticipated in the first month of ~~MFIP-S~~ MFIP eligibility against the need of the first month. The county agency must apply the income received or anticipated in the second month against the need of the second month.

(b) When the assistance payment for any part of the first two months is based on anticipated income, the county agency must base the initial assistance payment amount on the information available at the time the initial assistance payment is made.

(c) The county agency must determine the assistance payment amount for the first two months of ~~MFIP-S~~ MFIP eligibility by budgeting both recurring and nonrecurring income for those two months.

(d) The county agency must budget the child support income received or anticipated to be received by an assistance unit to determine the assistance payment amount from the month of application through the date in which ~~MFIP-S~~ MFIP eligibility is determined and assistance is authorized. Child support income which has been budgeted to determine the assistance payment in the initial two months is considered nonrecurring income. An assistance unit must forward any payment of child support to the child support enforcement unit of the county agency following the date in which assistance is authorized.

Sec. 34. Minnesota Statutes 1998, section 256J.34, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL USES OF RETROSPECTIVE BUDGETING.] Notwithstanding subdivision 1, the county agency must use retrospective budgeting to calculate the monthly assistance payment amount for the first two months under paragraphs (a) and (b).

(a) The county agency must use retrospective budgeting to determine the amount of the assistance payment in the first two months of ~~MFIP-S~~ MFIP eligibility:

(1) when an assistance unit applies for assistance for the same month for which assistance has been interrupted, the interruption in eligibility is less than one payment month, the assistance payment for the preceding month was issued in this state, and the assistance payment for the immediately preceding month was determined retrospectively; or

(2) when a person applies in order to be added to an assistance unit, that assistance unit has received assistance in this state for at least the two preceding months, and that person has been living with and has been financially responsible for one or more members of that assistance unit for at least the two preceding months.

(b) Except as provided in clauses (1) to (4), the county agency must use retrospective budgeting and apply income received in the budget month by an assistance unit and by a financially responsible household member who is not included in the assistance unit against the ~~appropriate transitional or family wage level~~ MFIP standard of need or family wage level to determine the assistance payment to be issued for the payment month.

(1) When a source of income ends prior to the third payment month, that income is not considered in calculating the assistance payment for that month. When a source of income ends prior to the fourth payment month, that income is not considered when determining the assistance payment for that month.

(2) When a member of an assistance unit or a financially responsible household member leaves the household of the assistance unit, the income of that departed household member is not budgeted retrospectively for any full payment month in which that household member does not live with that household and is not included in the assistance unit.

(3) When an individual is removed from an assistance unit because the individual is no longer a minor child, the income of that individual is not budgeted retrospectively for payment months in which that individual is not a member of the assistance unit, except that income of an ineligible child in the household must continue to be budgeted retrospectively against the child's needs when the parent or parents of that child request allocation of their income against any unmet needs of that ineligible child.

(4) When a person ceases to have financial responsibility for one or more members of an assistance unit, the income of that person is not budgeted retrospectively for the payment months which follow the month in which financial responsibility ends.

Sec. 35. Minnesota Statutes 1998, section 256J.34, subdivision 4, is amended to read:

Subd. 4. [SIGNIFICANT CHANGE IN GROSS INCOME.] The county agency must recalculate the assistance payment when an assistance unit experiences a significant change, as defined in section 256J.08, resulting in a reduction in the gross income received in the payment month from the gross income received in the budget month. The county agency must issue a supplemental assistance payment based on the county agency's best estimate of the assistance unit's income and circumstances for the payment month. ~~Budget adjustments~~ Supplemental assistance payments that result from significant changes are limited to two in a 12-month period regardless of the reason for the change. ~~Budget adjustments~~ Notwithstanding any other statute or rule of law, supplementary assistance payments shall not be made when the significant change in income is the result of receipt of a lump sum, receipt of an extra paycheck, business fluctuation in self-employment income, or an assistance unit member's participation in a strike or other labor action. Supplementary assistance payments due to a significant change in the amount of direct support received must not be made after the date the assistance unit is required to forward support to the child support enforcement unit under subdivision 1, paragraph (d).

Sec. 36. Minnesota Statutes 1998, section 256J.35, is amended to read:

256J.35 [AMOUNT OF ASSISTANCE PAYMENT.]

Except as provided in paragraphs (a) to ~~(d)~~ (c), the amount of an assistance payment is equal to the difference between the ~~transitional~~ MFIP standard~~, shared household standard,~~ of need or the Minnesota family wage level in section 256J.24~~, whichever is less,~~ and countable income.

(a) When ~~MFIP-S~~ MFIP eligibility exists for the month of application, the amount of the assistance payment for the month of application must be prorated from the date of application or the date all other eligibility factors are met for that applicant, whichever is later. This provision applies when an applicant loses at least one day of ~~MFIP-S~~ MFIP eligibility.

(b) ~~MFIP-S~~ MFIP overpayments to an assistance unit must be recouped according to section 256J.38, subdivision 4.

(c) An initial assistance payment must not be made to an applicant who is not eligible on the date payment is made.

~~(d) An individual whose needs have been otherwise provided for in another state, in whole or in part by county, state, or federal dollars during a month, is ineligible to receive MFIP-S for the month.~~

Sec. 37. Minnesota Statutes 1998, section 256J.36, is amended to read:

256J.36 [ALLOCATION FOR UNMET NEED OF OTHER HOUSEHOLD MEMBERS.]

Except as prohibited in paragraphs (a) and (b), an allocation of income is allowed from the caregiver's income to meet the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible who also lives with the caregiver. That allocation is allowed in an amount up to the difference between the ~~MFIP-S transitional~~ MFIP standard of need for the assistance unit when that ineligible person is included in the assistance unit and the ~~MFIP-S family allowance~~ MFIP standard of need for the assistance unit when the ineligible person is not included in the assistance unit. These allocations must be deducted from the caregiver's counted earnings and from unearned income subject to paragraphs (a) and (b).

(a) Income of a minor child in the assistance unit must not be allocated to meet the need of an ineligible person, including the child's parent, even when that parent is the payee of the child's income.

(b) Income of a caregiver must not be allocated to meet the needs of a disqualified person.

Sec. 38. Minnesota Statutes 1998, section 256J.37, subdivision 1, is amended to read:

Subdivision 1. [DEEMED INCOME FROM INELIGIBLE HOUSEHOLD MEMBERS.] Unless otherwise provided under subdivision 1a or 1b, the income of ineligible household members must be deemed after allowing the following disregards:

(1) the first 18 percent of the ineligible family member's gross earned income;

(2) amounts the ineligible person actually paid to individuals not living in the same household but whom the ineligible person claims or could claim as dependents for determining federal personal income tax liability;

(3) all payments made by the ineligible person according to a court order for spousal support or the support of children not living in the assistance unit's household, provided that, if there has been a change in the financial circumstances of the ineligible person since the support order was entered, the ineligible person has petitioned for a modification of the support order; and

(4) an amount for the needs of the ineligible person and other persons who live in the household but are not included in the assistance unit and are or could be claimed by an ineligible person as dependents for determining federal personal income tax liability. This amount is equal to the difference between the ~~MFIP-S transitional~~ MFIP standard of need when the ineligible person is included in the assistance unit and the ~~MFIP-S transitional~~ MFIP standard of need when the ineligible person is not included in the assistance unit.

Sec. 39. Minnesota Statutes 1998, section 256J.37, subdivision 1a, is amended to read:

Subd. 1a. [DEEMED INCOME FROM DISQUALIFIED MEMBERS.] The income of disqualified members must be deemed after allowing the following disregards:

(1) the first 18 percent of the disqualified member's gross earned income;

(2) amounts the disqualified member actually paid to individuals not living in the same household but whom the disqualified member claims or could claim as dependents for determining federal personal income tax liability;

(3) all payments made by the disqualified member according to a court order for spousal support or the support of children not living in the assistance unit's household, provided that, if there has been a change in the financial circumstances of the disqualified member's legal obligation to pay support since the support order was entered, the disqualified member has petitioned for a modification of the support order; and

(4) an amount for the needs of other persons who live in the household but are not included in the assistance unit and are or could be claimed by the disqualified member as dependents for determining federal personal income tax liability. This amount is equal to the difference between the ~~MFIP-S transitional~~ MFIP standard of need when the ineligible person is included in the assistance unit and the ~~MFIP-S transitional~~ MFIP standard of need when the ineligible person is not included in the assistance unit. An amount shall not be allowed for the needs of a disqualified member.

Sec. 40. Minnesota Statutes 1998, section 256J.37, subdivision 2, is amended to read:

Subd. 2. [DEEMED INCOME AND ASSETS OF SPONSOR OF NONCITIZENS.] (a) If a noncitizen applies for or receives MFIP, the county must deem the income and assets of the noncitizen's sponsor and the sponsor's spouse as provided in this paragraph and paragraph (b) or (c), whichever is applicable. The deemed income of a sponsor and the sponsor's spouse is considered unearned income of the noncitizen. The deemed assets of a sponsor and the sponsor's spouse are considered available assets of the noncitizen.

(b) The income and assets of a sponsor who signed an affidavit of support under title IV, sections 421, 422, and 423, of Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and the income and assets of the sponsor's spouse, must be deemed to the noncitizen to the extent required by those sections of Public Law Number 104-193.

(c) The income and assets of a sponsor and the sponsor's spouse to whom the provisions of paragraph (b) do not apply must be deemed to the noncitizen to the full extent allowed under title V, section 5505, of Public Law Number 105-33, the Balanced Budget Act of 1997.

~~If a noncitizen applies for or receives MFIP-S, the county must deem the income and assets of the noncitizen's sponsor and the sponsor's spouse who have signed an affidavit of support for the noncitizen as specified in Public Law Number 104-193, title IV, sections 421 and 422, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The income of a sponsor and the sponsor's spouse is considered unearned income of the noncitizen. The assets of a sponsor and the sponsor's spouse are considered available assets of the noncitizen.~~

Sec. 41. Minnesota Statutes 1998, section 256J.37, subdivision 9, is amended to read:

Subd. 9. [UNEARNED INCOME.] (a) The county agency must apply unearned income to the ~~transitional~~ MFIP standard of need. When determining the amount of unearned income, the county agency must deduct the costs necessary to secure payments of unearned income. These costs include legal fees, medical fees, and mandatory deductions such as federal and state income taxes.

(b) Effective July 1, 1999, the county agency shall count $100 of the value of public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) as unearned income. The full amount of the subsidy must be counted as unearned income when the subsidy is less than $100.

(c) The provisions of paragraph (b) shall not apply to MFIP participants who are exempt from the employment and training services component because they are:

(i) individuals who are age 60 or older;

(ii) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment; or

(iii) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household.

(d) The provisions of paragraph (b) shall not apply to an MFIP assistance unit where the parental caregiver receives supplemental security income.

Sec. 42. Minnesota Statutes 1998, section 256J.37, subdivision 10, is amended to read:

Subd. 10. [TREATMENT OF LUMP SUMS.] (a) The county agency must treat lump-sum payments as earned or unearned income. If the lump-sum payment is included in the category of income identified in subdivision 9, it must be treated as unearned income. A lump sum is counted as income in the month received and budgeted either prospectively or retrospectively depending on the budget cycle at the time of receipt. When an individual receives a lump-sum payment, that lump sum must be combined with all other earned and unearned income received in the same budget month, and it must be applied according to paragraphs (a) to (c). A lump sum may not be carried over into subsequent months. Any funds that remain in the third month after the month of receipt are counted in the asset limit.

(b) For a lump sum received by an applicant during the first two months, prospective budgeting is used to determine the payment and the lump sum must be combined with other earned or unearned income received and budgeted in that prospective month.

(c) For a lump sum received by a participant after the first two months of ~~MFIP-S~~ MFIP eligibility, the lump sum must be combined with other income received in that budget month, and the combined amount must be applied retrospectively against the applicable payment month.

(d) When a lump sum, combined with other income under paragraphs (b) and (c), is less than the ~~transitional~~ MFIP standard of need for the ~~applicable~~ appropriate payment month, the assistance payment must be reduced according to the amount of the countable income. When the countable income is greater than the ~~transitional~~ MFIP standard ~~or the family wage standard~~ or family wage level, the assistance payment must be suspended for the payment month.

Sec. 43. Minnesota Statutes 1998, section 256J.38, subdivision 4, is amended to read:

Subd. 4. [RECOUPING OVERPAYMENTS FROM PARTICIPANTS.] A participant may voluntarily repay, in part or in full, an overpayment even if assistance is reduced under this subdivision, until the total amount of the overpayment is repaid. When an overpayment occurs due to fraud, the county agency must recover ten percent of the ~~transitional~~ applicable standard or the amount of the monthly assistance payment, whichever is less. When a nonfraud overpayment occurs, the county agency must recover three percent of the ~~transitional~~ MFIP standard of need or the amount of the monthly assistance payment, whichever is less.

Sec. 44. Minnesota Statutes 1998, section 256J.42, subdivision 1, is amended to read:

Subdivision 1. [TIME LIMIT.] (a) Except for the exemptions in this section ~~and in section 256J.11, subdivision 2~~, an assistance unit in which any adult caregiver has received 60 months of cash assistance funded in whole or in part by the TANF block grant in this or any other state or United States territory, ~~MFIP-S~~ or from a tribal TANF program, MFIP, AFDC, or family general assistance, funded in whole or in part by state appropriations, is ineligible to receive ~~MFIP-S~~ MFIP. Any cash assistance funded with TANF dollars in this or any other state or United States territory, or from a tribal TANF program, or ~~MFIP-S~~ MFIP assistance funded in whole or in part by state appropriations, that was received by the unit on or after the date TANF was implemented, including any assistance received in states or United States territories of prior residence, counts toward the 60-month limitation. The 60-month limit applies to a minor who is the head of a household or who is married to the head of a household except under subdivision 5. The 60-month time period does not need to be consecutive months for this provision to apply.

(b) The months before July 1998 in which individuals ~~receive~~ received assistance as part of the field trials as an MFIP, MFIP-R, or MFIP or MFIP-R comparison group family ~~under sections 256.031 to 256.0361 or sections 256.047 to 256.048~~ are not included in the 60-month time limit.

Sec. 45. Minnesota Statutes 1998, section 256J.42, subdivision 5, is amended to read:

Subd. 5. [EXEMPTION FOR CERTAIN FAMILIES.] (a) Any cash assistance received by an assistance unit does not count toward the 60-month limit on assistance during a month in which the caregiver is in the category in section 256J.56, paragraph (a), clause (1). ~~The exemption applies for the period of time the caregiver belongs to one of the categories specified in this subdivision.~~

(b) From July 1, 1997, until the date ~~MFIP-S~~ MFIP is operative in the caregiver's county of financial responsibility, any cash assistance received by a caregiver who is complying with sections 256.73, subdivision 5a, and 256.736, if applicable, does not count toward the 60-month limit on assistance. Thereafter, any cash assistance received by a minor caregiver who is complying with the requirements of sections 256J.14 and 256J.54, if applicable, does not count towards the 60-month limit on assistance.

(c) Any diversionary assistance or emergency assistance received does not count toward the 60-month limit.

(d) Any cash assistance received by an 18- or 19-year-old caregiver who is complying with the requirements of section 256J.54 does not count toward the 60-month limit.

Sec. 46. Minnesota Statutes 1998, section 256J.43, is amended to read:

256J.43 [INTERSTATE ~~PAYMENT~~ TRANSITIONAL STANDARDS.]

Subdivision 1. [PAYMENT.] (a) Effective July 1, 1997, the amount of assistance paid to an eligible unit in which all members have resided in this state for fewer than 12 consecutive calendar months immediately preceding the date of application shall be the lesser of either the interstate transitional standard that would have been received by the assistance unit from the state of immediate prior residence, or the amount calculated in accordance with ~~AFDC or MFIP-S~~ MFIP standards. The lesser payment must continue until the assistance unit meets the 12-month requirement. An assistance unit that has not resided in Minnesota for 12 months from the date of application is not exempt from the interstate ~~payment~~ transitional standards provisions solely because a child is born in Minnesota to a member of the assistance unit. Payment must be calculated by applying this ~~state's~~ MFIP's budgeting policies, and the unit's net income must be deducted from the payment standard in the other state or the MFIP transitional or shared household standard in this state, whichever is lower. Payment shall be made in vendor form for shelter and utilities, up to the limit of the grant amount, and residual amounts, if any, shall be paid directly to the assistance unit.

(b) During the first 12 months an assistance unit resides in this state, the number of months that a unit is eligible to receive ~~AFDC or MFIP-S~~ MFIP benefits is limited to the number of months the assistance unit would have been eligible to receive similar benefits in the state of immediate prior residence.

(c) This policy applies whether or not the assistance unit received similar benefits while residing in the state of previous residence.

(d) When an assistance unit moves to this state from another state where the assistance unit has exhausted that state's time limit for receiving benefits under that state's TANF program, the unit will not be eligible to receive any ~~AFDC or MFIP-S~~ MFIP benefits in this state for 12 months from the date the assistance unit moves here.

(e) For the purposes of this section, "state of immediate prior residence" means:

(1) the state in which the applicant declares the applicant spent the most time in the 30 days prior to moving to this state; or

(2) the state in which an applicant who is a migrant worker maintains a home.

(f) The commissioner shall annually verify and update all other states' payment standards as they are to be in effect in July of each year.

(g) Applicants must provide verification of their state of immediate prior residence, in the form of tax statements, a driver's license, automobile registration, rent receipts, or other forms of verification approved by the commissioner.

(h) Migrant workers, as defined in section 256J.08, and their immediate families are exempt from this section, provided the migrant worker provides verification that the migrant family worked in this state within the last 12 months and earned at least $1,000 in gross wages during the time the migrant worker worked in this state.

Subd. 2. [TEMPORARY ABSENCE FROM MINNESOTA.] (a) For an assistance unit that has met the requirements of section 256J.12, the number of months that the assistance unit receives benefits under the interstate ~~payment~~ transitional standards in this section is not affected by an absence from Minnesota for fewer than 30 consecutive days.

(b) For an assistance unit that has met the requirements of section 256J.12, the number of months that the assistance unit receives benefits under the interstate ~~payment~~ transitional standards in this section is not affected by an absence from Minnesota for more than 30 consecutive days but fewer than 90 consecutive days, provided the assistance unit continues to maintain a residence in Minnesota during the period of absence.

Subd. 3. [EXCEPTIONS TO THE INTERSTATE PAYMENT POLICY.] Applicants who lived in another state in the 12 months prior to applying for assistance are exempt from the interstate payment policy for the months that a member of the unit:

(1) served in the United States armed services, provided the person returned to Minnesota within 30 days of leaving the armed forces, and intends to remain in Minnesota;

(2) attended school in another state, paid nonresident tuition or Minnesota tuition rates under a reciprocity agreement, provided the person left Minnesota specifically to attend school and returned to Minnesota within 30 days of graduation with the intent to remain in Minnesota; or

(3) meets the following criteria:

(i) a minor child or a minor caregiver moves from another state to the residence of a relative caregiver;

(ii) the minor caregiver applies for and receives family cash assistance;

(iii) the relative caregiver chooses not to be part of the MFIP-S assistance unit; and

(iv) the relative caregiver has resided in Minnesota for at least 12 months from the date the assistance unit applies for cash assistance.

Subd. 4. [INELIGIBLE MANDATORY UNIT MEMBERS.] Ineligible mandatory unit members who have resided in Minnesota for 12 months immediately before the unit's date of application establish the other assistance unit members' eligibility for the ~~MFIP-S~~ MFIP transitional standard, shared household or family wage level, whichever is applicable.

Sec. 47. Minnesota Statutes 1998, section 256J.45, subdivision 1, is amended to read:

Subdivision 1. [COUNTY AGENCY TO PROVIDE ORIENTATION.] A county agency must provide each ~~MFIP-S~~ MFIP caregiver who is not exempt under section 256J.56, paragraph (a), clause (6) or (8), with a face-to-face orientation. ~~The caregiver must attend the orientation.~~ The county agency must inform ~~the caregiver~~ caregivers who are not exempt under section 256J.56, paragraph (a), clause (6) or (8), that failure to attend the orientation is considered an occurrence of noncompliance with program requirements, and will result in the imposition of a sanction under section 256J.46. If the client complies with the orientation requirement prior to the first day of the month in which the grant reduction is proposed to occur, the orientation sanction shall be lifted.

Sec. 48. Minnesota Statutes 1998, section 256J.45, is amended by adding a subdivision to read:

Subd. 1a. [PREGNANT AND PARENTING MINORS.] Pregnant and parenting minors who are complying with the provisions of section 256J.54 are exempt from the requirement under subdivision 1, however, the county agency must provide information to the minor as required under section 256J.14.

Sec. 49. Minnesota Statutes 1998, section 256J.46, subdivision 1, is amended to read:

Subdivision 1. [SANCTIONS FOR PARTICIPANTS NOT COMPLYING WITH PROGRAM REQUIREMENTS.] (a) A participant who fails without good cause to comply with the requirements of this chapter, and who is not subject to a sanction under subdivision 2, shall be subject to a sanction as provided in this subdivision.

A sanction under this subdivision becomes effective the month following the month in which a required notice is given. A sanction must not be imposed when a participant comes into compliance with the requirements for orientation under section 256J.45 or third-party liability for medical services under section 256J.30, subdivision 10, prior to the effective date of the sanction. A sanction must not be imposed when a participant comes into compliance with the requirements for employment and training services under sections 256J.49 to 256J.72 ten days prior to the effective date of the sanction. For purposes of this subdivision, each month that a participant fails to comply with a requirement of this chapter shall be considered a separate occurrence of noncompliance. A participant who has had one or more sanctions imposed must remain in compliance with the provisions of this chapter for six months in order for a subsequent occurrence of noncompliance to be considered a first occurrence.

(b) Sanctions for noncompliance shall be imposed as follows:

(1) For the first occurrence of noncompliance by a participant in a single-parent household or by one participant in a two-parent household, the assistance unit's grant shall be reduced by ten percent of the ~~MFIP-S transitional~~ MFIP standard~~, the shared household standard, or the interstate transitional standard~~ of need for an assistance unit of the same size~~, whichever is applicable,~~ with the residual grant paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and shall be removed in the month following the month that the participant returns to compliance.

(2) For a second or subsequent occurrence of noncompliance, or when both participants in a two-parent household are out of compliance at the same time, the assistance unit's shelter costs shall be vendor paid up to the amount of the cash portion of the ~~MFIP-S~~ MFIP grant for which the participant's assistance unit is eligible. At county option, the assistance unit's utilities may also be vendor paid up to the amount of the cash portion of the ~~MFIP-S~~ MFIP grant remaining after vendor payment of the assistance unit's shelter costs. The residual amount of the grant after vendor payment, if any, must be reduced by an amount equal to 30 percent of the ~~MFIP-S transitional~~ MFIP standard~~, the shared household standard, or the interstate transitional standard~~ of need for an assistance unit of the same size~~, whichever is applicable,~~ before the residual grant is paid to the assistance unit. The reduction in the grant amount must be in effect for a minimum of one month and shall be removed in the month following the month that a participant in a one-parent household returns to compliance. In a two-parent household, the grant reduction must be in effect for a minimum of one month and shall be removed in the month following the month both participants return to compliance. The vendor payment of shelter costs and, if applicable, utilities shall be removed six months after the month in which the participant or participants return to compliance.

(c) No later than during the second month that a sanction under paragraph (b), clause (2), is in effect due to noncompliance with employment services, the participant's case file must be reviewed to determine if:

(i) the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (16);

(ii) the participant qualifies for a good cause exception under section 256J.57; or

(iii) the participant qualifies for an exemption under section 256J.56.

If the lack of an identified activity can explain the noncompliance, the county must work with the participant to provide the identified activity, and the county must restore the participant's grant amount to the full amount for which the assistance unit is eligible. The grant must be restored retroactively to the first day of the month in which the participant was found to lack preemployment activities or to qualify for an exemption or good cause exception.

If the participant is found to qualify for a good cause exception or an exemption, the county must restore the participant's grant to the full amount for which the assistance unit is eligible.

Sec. 50. Minnesota Statutes 1998, section 256J.46, subdivision 2, is amended to read:

Subd. 2. [SANCTIONS FOR REFUSAL TO COOPERATE WITH SUPPORT REQUIREMENTS.] The grant of an ~~MFIP-S~~ MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, shall be subject to sanction as specified in this subdivision. The assistance unit's grant must be reduced by 25 percent of the applicable ~~transitional~~ MFIP standard of need. The residual amount of the grant, if any, must be paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction must not be imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction shall be removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an ~~MFIP-S~~ MFIP caregiver fails to comply with the requirements of section 256.741 must be considered a separate occurrence of noncompliance. An ~~MFIP-S~~ MFIP caregiver who has had one or more sanctions imposed must remain in compliance with the requirements of section 256.741 for six months in order for a subsequent sanction to be considered a first occurrence.

Sec. 51. Minnesota Statutes 1998, section 256J.46, subdivision 2a, is amended to read:

Subd. 2a. [DUAL SANCTIONS.] (a) Notwithstanding the provisions of subdivisions 1 and 2, for a participant subject to a sanction for refusal to comply with child support requirements under subdivision 2 and subject to a concurrent sanction for refusal to cooperate with other program requirements under subdivision 1, sanctions shall be imposed in the manner prescribed in this subdivision.

A participant who has had one or more sanctions imposed under this subdivision must remain in compliance with the provisions of this chapter for six months in order for a subsequent occurrence of noncompliance to be considered a first occurrence. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 1.

(b) If the participant was subject to sanction for:

(i) noncompliance under subdivision 1 before being subject to sanction for noncooperation under subdivision 2; or

(ii) noncooperation under subdivision 2 before being subject to sanction for noncompliance under subdivision 1;

the participant shall be sanctioned as provided in subdivision 1, paragraph (b), clause (2), and the requirement that the county conduct a review as specified in subdivision 1, paragraph (c), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 1 and 2 in the same month is subject to sanction as follows:

(i) in the first month of noncompliance and noncooperation, the participant's grant must be reduced by 25 percent of the applicable ~~transitional~~ MFIP standard of need, with any residual amount paid to the participant;

(ii) in the second and subsequent months of noncompliance and noncooperation, the participant shall be sanctioned as provided in subdivision 1, paragraph (b), clause (2).

The requirement that the county conduct a review as specified in subdivision 1, paragraph (c), remains in effect.

(d) A participant remains subject to sanction under subdivision 2 if the participant:

(i) returns to compliance and is no longer subject to sanction under subdivision 1; or

(ii) has the sanction under subdivision 1, paragraph (b), removed upon completion of the review under subdivision 1, paragraph (c).

A participant remains subject to sanction under subdivision 1, paragraph (b), if the participant cooperates and is no longer subject to sanction under subdivision 2.

Sec. 52. Minnesota Statutes 1998, section 256J.47, subdivision 4, is amended to read:

Subd. 4. [INELIGIBILITY FOR ~~MFIP-S~~ MFIP; EMERGENCY ASSISTANCE; AND EMERGENCY GENERAL ASSISTANCE.] Upon receipt of diversionary assistance, the family is ineligible for ~~MFIP-S~~ MFIP, emergency assistance, and emergency general assistance for a period of time. To determine the period of ineligibility, the county shall use the following formula: regardless of household changes, the county agency must calculate the number of days of ineligibility by dividing the diversionary assistance issued by the ~~transitional~~ MFIP standard of need a family of the same size and composition would have received under ~~MFIP-S, or if applicable the interstate transitional standard,~~ MFIP multiplied by 30, truncating the result. The ineligibility period begins the date the diversionary assistance is issued.

Sec. 53. Minnesota Statutes 1998, section 256J.48, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Notwithstanding other eligibility provisions of this chapter, any family without resources immediately available to meet emergency needs identified in subdivision 3 shall be eligible for an emergency grant under the following conditions:

(1) a family member has resided in this state for at least 30 days;

(2) the family is without resources immediately available to meet emergency needs;

(3) assistance is necessary to avoid destitution or provide emergency shelter arrangements;

(4) the family's destitution or need for shelter or utilities did not arise because the assistance unit is under sanction, the caregiver is disqualified, or the child or relative caregiver refused without good cause under section 256J.57 to accept employment or training for employment in this state or another state; and

(5) at least one child or pregnant woman in the emergency assistance unit meets ~~MFIP-S~~ MFIP citizenship requirements in section 256J.11.

Sec. 54. Minnesota Statutes 1998, section 256J.48, subdivision 3, is amended to read:

Subd. 3. [EMERGENCY NEEDS.] Emergency needs are limited to the following:

(a) [RENT.] A county agency may deny assistance to prevent eviction from rented or leased shelter of an otherwise eligible applicant when the county agency determines that an applicant's anticipated income will not cover continued payment for shelter, subject to conditions in clauses (1) to (3):

(1) a county agency must not deny assistance when an applicant can document that the applicant is unable to locate habitable shelter, unless the county agency can document that one or more habitable shelters are available in the community that will result in at least a 20 percent reduction in monthly expense for shelter and that this shelter will be cost-effective for the applicant;

(2) when no alternative shelter can be identified by either the applicant or the county agency, the county agency shall not deny assistance because anticipated income will not cover rental obligation; and

(3) when cost-effective alternative shelter is identified, the county agency shall issue assistance for moving expenses as provided in paragraph (e).

(b) [DEFINITIONS.] For purposes of paragraph (a), the following definitions apply (1) "metropolitan statistical area" is as defined by the United States Census Bureau; (2) "alternative shelter" includes any shelter that is located within the metropolitan statistical area containing the county and for which the applicant is eligible, provided the applicant does not have to travel more than 20 miles to reach the shelter and has access to transportation to the shelter. Clause (2) does not apply to counties in the Minneapolis-St. Paul metropolitan statistical area.

(c) [MORTGAGE AND CONTRACT FOR DEED ARREARAGES.] A county agency shall issue assistance for mortgage or contract for deed arrearages on behalf of an otherwise eligible applicant according to clauses (1) to (4):

(1) assistance for arrearages must be issued only when a home is owned, occupied, and maintained by the applicant;

(2) assistance for arrearages must be issued only when no subsequent foreclosure action is expected within the 12 months following the issuance;

(3) assistance for arrearages must be issued only when an applicant has been refused refinancing through a bank or other lending institution and the amount payable, when combined with any payments made by the applicant, will be accepted by the creditor as full payment of the arrearage;

(4) costs paid by a family which are counted toward the payment requirements in this clause are: principal and interest payments on mortgages or contracts for deed, balloon payments, homeowner's insurance payments, manufactured home lot rental payments, and tax or special assessment payments related to the homestead. Costs which are not counted include closing costs related to the sale or purchase of real property.

To be eligible for assistance for costs specified in clause (4) which are outstanding at the time of foreclosure, an applicant must have paid at least 40 percent of the family's gross income toward these costs in the month of application and the 11-month period immediately preceding the month of application.

When an applicant is eligible under clause (4), a county agency shall issue assistance up to a maximum of four times the ~~MFIP-S~~ MFIP ~~transitional~~ standard of need for a comparable assistance unit.

(d) [DAMAGE OR UTILITY DEPOSITS.] A county agency shall issue assistance for damage or utility deposits when necessary to alleviate the emergency. The county may require that assistance paid in the form of a damage deposit, less any amount retained by the landlord to remedy a tenant's default in payment of rent or other funds due to the landlord under a rental agreement, or to restore the premises to the condition at the commencement of the tenancy, ordinary wear and tear excepted, be returned to the county when the individual vacates the premises or be paid to the recipient's new landlord as a vendor payment. The county may require that assistance paid in the form of a utility deposit less any amount retained to satisfy outstanding utility costs be returned to the county when the person vacates the premises, or be paid for the person's new housing unit as a vendor payment. The vendor payment of returned funds shall not be considered a new use of emergency assistance.

(e) [MOVING EXPENSES.] A county agency shall issue assistance for expenses incurred when a family must move to a different shelter according to clauses (1) to (4):

(1) moving expenses include the cost to transport personal property belonging to a family, the cost for utility connection, and the cost for securing different shelter;

(2) moving expenses must be paid only when the county agency determines that a move is cost-effective;

(3) moving expenses must be paid at the request of an applicant, but only when destitution or threatened destitution exists; and

(4) moving expenses must be paid when a county agency denies assistance to prevent an eviction because the county agency has determined that an applicant's anticipated income will not cover continued shelter obligation in paragraph (a).

(f) [HOME REPAIRS.] A county agency shall pay for repairs to the roof, foundation, wiring, heating system, chimney, and water and sewer system of a home that is owned and lived in by an applicant.

The applicant shall document, and the county agency shall verify the need for and method of repair.

The payment must be cost-effective in relation to the overall condition of the home and in relation to the cost and availability of alternative housing.

(g) [UTILITY COSTS.] Assistance for utility costs must be made when an otherwise eligible family has had a termination or is threatened with a termination of municipal water and sewer service, electric, gas or heating fuel service, refuse removal service, or lacks wood when that is the heating source, subject to the conditions in clauses (1) and (2):

(1) a county agency must not issue assistance unless the county agency receives confirmation from the utility provider that assistance combined with payment by the applicant will continue or restore the utility; and

(2) a county agency shall not issue assistance for utility costs unless a family paid at least eight percent of the family's gross income toward utility costs due during the preceding 12 months.

Clauses (1) and (2) must not be construed to prevent the issuance of assistance when a county agency must take immediate and temporary action necessary to protect the life or health of a child.

(h) [SPECIAL DIETS.] Effective January 1, 1998, a county shall pay for special diets or dietary items for ~~MFIP-S~~ MFIP participants. Persons receiving emergency assistance funds for special diets or dietary items are also eligible to receive emergency assistance for shelter and utility emergencies, if otherwise eligible. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one-person household under the Thrifty Food Plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the Thrifty Food Plan that are covered are as follows:

(1) high protein diet, at least 80 grams daily, 25 percent of Thrifty Food Plan;

(2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of Thrifty Food Plan;

(3) controlled protein diet, less than 40 grams and requires special products, 125 percent of Thrifty Food Plan;

(4) low cholesterol diet, 25 percent of Thrifty Food Plan;

(5) high residue diet, 20 percent of Thrifty Food Plan;

(6) pregnancy and lactation diet, 35 percent of Thrifty Food Plan;

(7) gluten-free diet, 25 percent of Thrifty Food Plan;

(8) lactose-free diet, 25 percent of Thrifty Food Plan;

(9) antidumping diet, 15 percent of Thrifty Food Plan;

(10) hypoglycemic diet, 15 percent of Thrifty Food Plan; or

(11) ketogenic diet, 25 percent of Thrifty Food Plan.

Sec. 55. Minnesota Statutes 1998, section 256J.50, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENT AND TRAINING SERVICES COMPONENT OF ~~MFIP-S~~ MFIP.] (a) By January 1, 1998, each county must develop and implement an employment and training services component of ~~MFIP-S~~ MFIP which is designed to put participants on the most direct path to unsubsidized employment. Participation in these services is mandatory for all ~~MFIP-S~~ MFIP caregivers, unless the caregiver is exempt under section 256J.56.

(b) ~~A county may provide employment and training services to MFIP-S caregivers who are exempt from the employment and training services component but volunteer for the services.~~ A county must provide employment and training services under sections 256J.515 to 256J.74 within 30 days after the caregiver's participation becomes mandatory under subdivision 5.

Sec. 56. Minnesota Statutes 1998, section 256J.515, is amended to read:

256J.515 [OVERVIEW OF EMPLOYMENT AND TRAINING SERVICES.]

During the first meeting with participants, job counselors must ensure that an overview of employment and training services is provided that:

(1) stresses the necessity and opportunity of immediate employment;

(2) outlines the job search resources offered;

(3) outlines education or training opportunities available;

(4) describes the range of work activities, including activities under section 256J.49, subdivision 13, clause (18), that are allowable under MFIP-S to meet the individual needs of participants;

(5) explains the requirements to comply with an employment plan;

(6) explains the consequences for failing to comply; and

(7) explains the services that are available to support job search and work and education.

Failure to attend the overview of employment and training services without good cause results in the imposition of a sanction under section 256J.46.

Sec. 57. Minnesota Statutes 1998, section 256J.52, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION LIMITED TO CERTAIN PARTICIPANTS.] This section applies to participants receiving ~~MFIP-S~~ MFIP assistance who are not exempt under section 256J.56, and to caregivers who volunteer for employment and training services ~~under section 256J.50~~.

Sec. 58. Minnesota Statutes 1998, section 256J.52, subdivision 3, is amended to read:

Subd. 3. [JOB SEARCH; JOB SEARCH SUPPORT PLAN.] (a) If, after the initial assessment, the job counselor determines that the participant possesses sufficient skills that the participant is likely to succeed in obtaining suitable employment, the participant must conduct job search for a period of up to eight weeks, for at least 30 hours per week. The participant must accept any offer of suitable employment. Upon agreement by the job counselor and the participant, a job search support plan may limit a job search to jobs that are consistent with the participant's employment goal. The job counselor and participant must develop a job search support plan which specifies, at a

minimum: whether the job search is to be supervised or unsupervised; support services that will be provided while the participant conducts job search activities; the courses necessary to obtain certification or licensure, if applicable, and after obtaining the license or certificate, the client must comply with subdivision 5; and how frequently the participant must report to the job counselor on the status of the participant's job search activities. The job search support plan may also specify that the participant fulfill a specified portion of the required hours of job search through attending adult basic education or English as a second language classes.

(b) During the eight-week job search period, either the job counselor or the participant may request a review of the participant's job search plan and progress towards obtaining suitable employment. If a review is requested by the participant, the job counselor must concur that the review is appropriate for the participant at that time. If a review is conducted, the job counselor may make a determination to conduct a secondary assessment prior to the conclusion of the job search.

(c) Failure to conduct the required job search, to accept any offer of suitable employment, to develop or comply with a job search support plan, or voluntarily quitting suitable employment without good cause results in the imposition of a sanction under section 256J.46. If at the end of eight weeks the participant has not obtained suitable employment, the job counselor must conduct a secondary assessment of the participant under subdivision 3.

Sec. 59. Minnesota Statutes 1998, section 256J.52, subdivision 4, is amended to read:

Subd. 4. [SECONDARY ASSESSMENT.] (a) The job counselor must conduct a secondary assessment for those participants who:

(1) in the judgment of the job counselor, have barriers to obtaining employment that will not be overcome with a job search support plan under subdivision 3;

(2) have completed eight weeks of job search under subdivision 3 without obtaining suitable employment;

(3) have not received a secondary assessment, are working at least 20 hours per week, and the participant, job counselor, or county agency requests a secondary assessment; or

(4) have an existing job search plan or employment plan developed for another program or are already involved in training or education activities under section 256J.55, subdivision 5.

(b) In the secondary assessment the job counselor must evaluate the participant's skills and prior work experience, family circumstances, interests and abilities, need for preemployment activities, supportive or educational services, and the extent of any barriers to employment. Failure to complete a secondary assessment shall result in the imposition of a sanction as specified in sections 256J.46 and 256J.57. The job counselor must use the information gathered through the secondary assessment to develop an employment plan under subdivision 5.

(c) In the secondary assessment the job counselor may require the participant to complete an appropriate and culturally competent professional chemical use assessment to be performed according to the rules adopted under section 254A.03, subdivision 3, or a professional psychological assessment as a component of the secondary assessment, when the job counselor has a reasonable belief, based on objective evidence, that a participant's ability to obtain and retain suitable employment is impaired by a medical condition. The job counselor must ensure that appropriate services, including child care assistance and transportation, are available to the participant to meet needs identified by the assessment. Data gathered as part of a professional assessment must be classified and disclosed according to the provisions in section 13.46.

(d) The provider shall make available to participants information regarding additional vendors or resources which provide employment and training services that may be available to the participant under a plan developed under this section. At a minimum, the provider must make available information on the following resources: business and higher education partnerships operated under the Minnesota job skills partnership, community and technical colleges, adult basic education programs, and services offered by vocational rehabilitation programs. The

information must include a brief summary of services provided and related performance indicators. Performance indicators must include, but are not limited to, the average time to complete program offerings, placement rates, entry and average wages, and retention rates. To be included in the information given to participants, a vendor or resource must provide counties with relevant information in the format required by the county.

Sec. 60. Minnesota Statutes 1998, section 256J.52, subdivision 5, is amended to read:

Subd. 5. [EMPLOYMENT PLAN; CONTENTS.] Based on the secondary assessment under subdivision 4, the job counselor and the participant must develop an employment plan for the participant that includes specific activities that are tied to an employment goal and a plan for long-term self-sufficiency, and that is designed to move the participant along the most direct path to unsubsidized employment. The employment plan must list the specific steps that will be taken to obtain employment and a timetable for completion of each of the steps. Upon agreement by the job counselor and the participant, the employment plan may limit a job search to jobs that are consistent with the participant's employment goal. As part of the development of the participant's employment plan, the participant shall have the option of selecting from among the vendors or resources that the job counselor determines will be effective in supplying one or more of the services necessary to meet the employment goals specified in the participant's plan. In compiling the list of vendors and resources that the job counselor determines would be effective in meeting the participant's employment goals, the job counselor must determine that adequate financial resources are available for the vendors or resources ultimately selected by the participant. The job counselor and the participant must sign the developed plan to indicate agreement between the job counselor and the participant on the contents of the plan.

Sec. 61. Minnesota Statutes 1998, section 256J.52, is amended by adding a subdivision to read:

Subd. 5a. [BASIC EDUCATION ACTIVITIES IN PLAN.] Participants with low skills in reading or mathematics who are proficient only at or below an eighth-grade level must be allowed to include basic education activities or an English as a second language program in a job search support plan or an employment plan, whichever is applicable. An English as a second language program may be included in a participant's job search support plan or employment plan under this subdivision for as long as the participant is making satisfactory progress in the program and the participant's lack of proficiency in English remains a barrier to obtaining suitable employment.

Sec. 62. Minnesota Statutes 1998, section 256J.54, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBILITY FOR ASSESSMENT AND EMPLOYMENT PLAN.] For caregivers who are under age 18 without a high school diploma or its equivalent, the assessment under subdivision 1 and the employment plan under subdivision 3 must be completed by the social services agency under section 257.33. For caregivers who are age 18 or 19 without a high school diploma or its equivalent, the assessment under subdivision 1 and the employment plan under subdivision 3 must be completed by the job counselor or, at county option, by the social services agency under section 257.33. Upon reaching age 18 or 19 a caregiver who received social services under section 257.33 and is without a high school diploma or its equivalent has the option to choose whether to continue receiving services under the caregiver's plan from the social services agency or to utilize an MFIP employment and training service provider. The social services agency or the job counselor shall consult with representatives of educational agencies that are required to assist in developing educational plans under section 124D.331.

Sec. 63. Minnesota Statutes 1998, section 256J.55, subdivision 4, is amended to read:

Subd. 4. [CHOICE OF PROVIDER.] ~~A participant~~ MFIP caregivers must be able to choose from at least two employment and training service providers, unless the county has demonstrated to the commissioner that the provision of multiple employment and training service providers would result in financial hardship for the county, or the county is utilizing a workforce center as specified in section 256J.50, subdivision 8. Both parents in a two-parent family must choose the same employment and training service provider unless a special need, such as bilingual services, is identified but not available through one service provider.

Sec. 64. Minnesota Statutes 1998, section 256J.56, is amended to read:

256J.56 [EMPLOYMENT AND TRAINING SERVICES COMPONENT; EXEMPTIONS.]

(a) An ~~MFIP-S~~ MFIP caregiver is exempt from the requirements of sections 256J.52 to 256J.55 if the caregiver belongs to any of the following groups:

(1) individuals who are age 60 or older;

(2) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment. Persons in this category with a temporary illness, injury, or incapacity must be reevaluated at least quarterly;

(3) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household;

(4) women who are pregnant, if the pregnancy has resulted in a professionally certified incapacity that prevents the woman from obtaining or retaining employment;

(5) caregivers of a child under the age of one year who personally provide full-time care for the child. This exemption may be used for only 12 months in a lifetime. In two-parent households, only one parent or other relative may qualify for this exemption;

(6) individuals who are single parents, or one parent in a two-parent family, employed at least 35 hours per week;

(7) individuals experiencing a personal or family crisis that makes them incapable of participating in the program, as determined by the county agency. If the participant does not agree with the county agency's determination, the participant may seek professional certification, as defined in section 256J.08, that the participant is incapable of participating in the program.

Persons in this exemption category must be reevaluated every 60 days; or

(8) second parents in two-parent families employed for 20 or more hours per week, provided the first parent is employed at least 35 hours per week.

A caregiver who is exempt under clause (5) must enroll in and attend an early childhood and family education class, a parenting class, or some similar activity, if available, during the period of time the caregiver is exempt under this section. Notwithstanding section 256J.46, failure to attend the required activity shall not result in the imposition of a sanction.

(b) The county agency must provide employment and training services to ~~MFIP-S~~ MFIP caregivers who are exempt under this section, but who volunteer to participate. Exempt volunteers may request approval for any work activity under section 256J.49, subdivision 13. The hourly participation requirements for nonexempt caregivers under section 256J.50, subdivision 5, do not apply to exempt caregivers who volunteer to participate.

Sec. 65. Minnesota Statutes 1998, section 256J.62, subdivision 1, is amended to read:

Subdivision 1. [ALLOCATION.] Money appropriated for ~~MFIP-S~~ MFIP employment and training services must be allocated to counties and eligible tribal providers as specified in this section.

Sec. 66. Minnesota Statutes 1998, section 256J.62, is amended by adding a subdivision to read:

Subd. 2a. [CASELOAD-BASED FUNDS ALLOCATION.] Effective for state fiscal year 2000, and for all subsequent years, money shall be allocated to counties and eligible tribal providers based on their average number of MFIP cases as a proportion of the statewide total number of MFIP cases:

(1) the average number of cases must be based upon counts of MFIP or tribal TANF cases as of March 31, June 30, September 30, and December 31 of the previous calendar year, less the number of child only cases and cases where all the caregivers are age 60 or over. Two-parent cases, with the exception of those with a caregiver age 60 or over, will be multiplied by a factor of two;

(2) the MFIP or tribal TANF case count for each eligible tribal provider shall be based upon the number of MFIP or tribal TANF cases who are enrolled in, or are eligible for enrollment in the tribe; and the case must be an active MFIP case; and the case members must reside within the tribal program's service delivery area;

(3) MFIP or tribal TANF cases counted for determining allocations to tribal providers shall be removed from the case counts of the respective counties where they reside to prevent duplicate counts; and

(4) prior to allocating funds to counties and tribal providers, $1,000,000 shall be set aside to allow the commissioner to use these set-aside funds to provide funding to county or tribal providers who experience an unforeseen influx of participants or other emergent situations beyond their control.

Any funds specified in this paragraph that remain unspent by March 31 of each year shall be reallocated out to county and tribal providers using the funding formula detailed in clauses (1) to (4).

Sec. 67. Minnesota Statutes 1998, section 256J.62, subdivision 6, is amended to read:

Subd. 6. [BILINGUAL EMPLOYMENT AND TRAINING SERVICES TO REFUGEES.] Funds appropriated to cover the costs of bilingual employment and training services to refugees shall be allocated to county agencies as follows:

(1) for state fiscal year 1998, the allocation shall be based on the county's proportion of the total statewide number of AFDC refugee cases in the previous fiscal year. Counties with less than one percent of the statewide number of AFDC, MFIP-R, or MFIP refugee cases shall not receive an allocation of bilingual employment and training services funds; and

(2) for each subsequent fiscal year, the allocation shall be based on the county's proportion of the total statewide number of ~~MFIP-S~~ MFIP refugee cases in the previous fiscal year. Counties with less than one percent of the statewide number of ~~MFIP-S~~ MFIP refugee cases shall not receive an allocation of bilingual employment and training services funds.

Sec. 68. Minnesota Statutes 1998, section 256J.62, subdivision 7, is amended to read:

Subd. 7. [WORK LITERACY LANGUAGE PROGRAMS.] Funds appropriated to cover the costs of work literacy language programs to non-English-speaking recipients shall be allocated to county agencies as follows:

(1) for state fiscal year 1998, the allocation shall be based on the county's proportion of the total statewide number of AFDC or MFIP cases in the previous fiscal year where the lack of English is a barrier to employment. Counties with less than two percent of the statewide number of AFDC or MFIP cases where the lack of English is a barrier to employment shall not receive an allocation of the work literacy language program funds; and

(2) for each subsequent fiscal year, the allocation shall be based on the county's proportion of the total statewide number of ~~MFIP-S~~ MFIP cases in the previous fiscal year where the lack of English is a barrier to employment. Counties with less than two percent of the statewide number of ~~MFIP-S~~ MFIP cases where the lack of English is a barrier to employment shall not receive an allocation of the work literacy language program funds.

Sec. 69. Minnesota Statutes 1998, section 256J.62, subdivision 8, is amended to read:

Subd. 8. [REALLOCATION.] The commissioner of human services shall review county agency expenditures of ~~MFIP-S~~ MFIP employment and training services funds at the end of the third quarter of the first year of the biennium and each quarter after that and may reallocate unencumbered or unexpended money appropriated under this section to those county agencies that can demonstrate a need for additional money.

Sec. 70. Minnesota Statutes 1998, section 256J.62, subdivision 9, is amended to read:

Subd. 9. [CONTINUATION OF CERTAIN SERVICES.] At the request of the caregiver, the county may continue to provide case management, counseling or other support services to a participant following the participant's achievement of the employment goal, for up to ~~six~~ 12 months following termination of the participant's eligibility for ~~MFIP-S~~ MFIP.

A county may expend funds for a specific employment and training service for the duration of that service to a participant if the funds are obligated or expended prior to the participant losing ~~MFIP-S~~ MFIP eligibility.

Sec. 71. Minnesota Statutes 1998, section 256J.67, subdivision 4, is amended to read:

Subd. 4. [EMPLOYMENT PLAN.] (a) The caretaker's employment plan must include the length of time needed in the work experience program, the need to continue job-seeking activities while participating in work experience, and the caregiver's employment goals.

(b) After each six months of a caregiver's participation in a work experience job placement, and at the conclusion of each work experience assignment under this section, the county agency shall reassess and revise, as appropriate, the caregiver's employment plan.

(c) A caregiver may claim good cause under section 256J.57, subdivision 1, for failure to cooperate with a work experience job placement.

(d) The county agency shall limit the maximum number of hours any participant may work under this section to the amount of the ~~transitional~~ MFIP standard of need divided by the federal or applicable state minimum wage, whichever is higher. After a participant has been assigned to a position for nine months, the participant may not continue in that assignment unless the maximum number of hours a participant works is no greater than the amount of the ~~transitional~~ MFIP standard of need divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site. This limit does not apply if it would prevent a participant from counting toward the federal work participation rate.

Sec. 72. Minnesota Statutes 1998, section 256J.74, subdivision 2, is amended to read:

Subd. 2. [CONCURRENT ELIGIBILITY, LIMITATIONS.] (a) An individual whose needs have been otherwise provided for in another state, in whole or in part by county, state, or federal dollars during a month, is ineligible to receive MFIP for the month.

(b) A county agency must not count an applicant or participant as a member of more than one assistance unit in this state in a given payment month, except as provided in clauses (1) and (2).

(1) A participant who is a member of an assistance unit ~~in this state~~ is eligible to be included in a second assistance unit the ~~first full~~ month after the month the participant joins the second unit.

(2) An applicant whose needs are met through federal, state, or local foster care ~~that is reimbursed under title IV-E of the Social Security Act~~ payments for the first part of an application month is eligible to receive assistance for the remaining part of the month in which the applicant returns home. ~~Title IV-E~~ Foster care payments ~~and adoption assistance payments~~ must be considered prorated payments rather than a duplication of ~~MFIP-S~~ MFIP need.

Sec. 73. [256J.751] [COUNTY PERFORMANCE MANAGEMENT.]

(a) From July 1, 1999, to June 30, 2001, the commissioner shall report quarterly to all counties each county's performance on the following measures:

(1) percent of MFIP caseload working in paid employment;

(2) percent of MFIP caseload receiving only the food portion of assistance;

(3) number of MFIP cases that have left assistance;

(4) federal participation requirements as specified in title 1 of Public Law Number 104-193; and

(5) median placement wage.

(b) By January 1, 2000, the commissioner shall, in consultation with counties, develop measures for county performance in addition to those in paragraph (a). In developing these measures, the commissioner must consider:

(1) a measure for MFIP cases that leave assistance due to employment;

(2) job retention after participants leave MFIP;

(3) participant's earnings at a follow-up point after the participant has left MFIP; and

(4) customer satisfaction, including participant and employer satisfaction.

(c) If sanctions occur for failure to meet the performance standards specified in title 1 of Public Law Number 104-193 of the Personal Responsibility and Work Opportunity Act of 1996, the state shall pay 88 percent of the sanction. The remaining 12 percent of the sanction will be paid by the counties. The county portion of the sanction will be distributed across all counties in proportion to each county's percentage of the MFIP average monthly caseload during the period for which the sanction was applied.

(d) If a county fails to meet the performance standards specified in title 1 of Public Law Number 104-193 of the Personal Responsibility and Work Opportunity Act of 1996 for any year, the commissioner shall work with counties to organize a joint state-county technical assistance team to work with the county. The commissioner shall coordinate any technical assistance with other departments and agencies including the departments of economic security and children, families, and learning as necessary to achieve the purpose of this paragraph.

Sec. 74. Minnesota Statutes 1998, section 256J.76, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE FUNCTIONS.] Beginning July 1, 1997, counties will receive federal funds from the TANF block grant for use in supporting eligibility, fraud control, and other related administrative functions. The federal funds available for distribution, as determined by the commissioner, must be an amount equal to federal administrative aid distributed for fiscal year 1996 under titles IV-A and IV-F of the Social Security Act in effect prior to October 1, 1996. This amount must include the amount paid for local collaboratives under sections 245.4932 and 256F.13, but must not include administrative aid associated with child care under section 119B.05, with emergency assistance intensive family preservation services under section 256.8711, with administrative activities as part of the employment and training services under section 256.736, or with fraud prevention investigation activities under section 256.983. Before July 15, 1999, a county may ask for a review of the commissioner's determination where the county believes fiscal year 1996 information was inaccurate or incomplete. By August 15, 1999, the commissioner must adjust that county's base when the commissioner has determined that inaccurate or incomplete information was used to develop that base. The commissioner shall adjust the county's 1999 allocation amount to reflect the base change.

Sec. 75. Minnesota Statutes 1998, section 256J.76, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF COUNTY FUNDS.] (a) The commissioner shall determine and allocate the funds available to each county, on a calendar year basis, proportional to the amount paid to each county for fiscal year 1996, excluding the amount paid for local collaboratives under sections 245.4932 and 256F.13. For the period beginning July 1, 1997, and ending December 31, 1998, each county shall receive 150 percent of its base year allocation.

(b) Beginning January 1, 2000, the commissioner shall allocate funds made available under this section on a calendar year basis to each county first, in amounts equal to each county's guaranteed floor as described in clause (1), second, to provide an allocation of up to $2,000 to each county as provided for in clause (2), and third, any remaining funds shall be allocated in proportion to the sum of each county's average monthly MFIP cases plus ten percent of each county's average monthly MFIP recipients with budgeted earnings as determined by the most recent calendar year data available.

(1) Each county's guaranteed floor shall be calculated as follows:

(i) 90 percent of that county's allocation in the preceding calendar year; or

(ii) when the amount of funds available is less than the guaranteed floor, each county's allocation shall be equal to the previous calendar year allocation reduced by the same percentage that the statewide allocation was reduced.

(2) Each county shall be allocated up to $2,000. If, after application of the guaranteed floor, funds are insufficient to provide $2,000 per county, each county's allocation under this clause shall be an equal share of remaining funds available.

Sec. 76. Minnesota Statutes 1998, section 256J.76, subdivision 4, is amended to read:

Subd. 4. [REPORTING REQUIREMENT AND REIMBURSEMENT.] The commissioner shall specify requirements for reporting according to section 256.01, subdivision 2, paragraph (17). Each county shall be reimbursed at a rate of 50 percent of eligible expenditures up to the limit of its allocation. The commissioner shall regularly review each county's eligible expenditures compared to its allocation. The commissioner may reallocate funds at any time, from counties which have not or will not have expended their allocations, to counties that have eligible expenditures in excess of their allocation.

Sec. 77. [256J.80] [TRUANCY PREVENTION PROGRAM.]

Subdivision 1. [PILOT PROJECTS.] The commissioner of human services, in consultation with the commissioner of children, families, and learning, shall develop a truancy prevention pilot program to prevent tardiness and ensure school attendance of children receiving assistance under this chapter. The pilot program shall be developed in at least two school districts, one rural and one urban. The pilots shall be developed in voluntary collaboration with local school districts and county social service agencies and shall serve families on MFIP whose children are under the age of 13 and are subject to the compulsory attendance requirements of section 120A.22, and are frequently tardy or are not attending school regularly, as defined by the local school district. The program shall require the local schools to refer these families to county social service agencies for an assessment and development of a corrective action plan to ensure punctual and regular school attendance by the children in the family. The corrective action plan must require that the children demonstrate satisfactory attendance as defined by the local school district. Families that fail to follow the corrective action plan shall be reported to the county agency and may be subject to sanction under section 256J.46, subdivision 1, paragraphs (a) and (b). The commissioner of human services may at its discretion expand the program to other districts with the districts' agreement and shall present a report to the legislature by November 30, 2000, on the success of the implementation of the pilot projects authorized by this section.

Subd. 2. [TRANSFER OF ATTENDANCE DATA.] Notwithstanding section 13.32, the commissioners of children, families, and learning and human services shall develop procedures to implement the transmittal of data on student attendance, to the extent consistent with federal law, to county social services agencies to implement the program authorized by this section.

Sec. 78. [RECOMMENDATIONS TO 60-MONTH LIMIT.]

By January 15, 2000, the commissioner of human services shall submit to the legislature recommendations regarding MFIP families that include an adult caregiver who has received 60 months of cash assistance funded in whole or in part by the TANF block grant.

Sec. 79. [PROPOSAL REQUIRED.]

By January 15, 2000, the commissioner shall submit to the legislature a proposal for creating an MFIP incentive bonus program for high-performing counties. The proposal must include recommendations on how to implement a system that would provide an incentive bonus to a county that demonstrates high performance with respect to the county's MFIP participants, as reflected in wage rate measures and career advancement measures reported by the county.

Sec. 80. [ASSESSMENT PROTOCOLS.]

The commissioner of human services shall consult with county agencies, employment and training service providers, the commissioner of human rights, and advocates to develop protocols to guide the implementation of Minnesota Statutes, section 256J.52, subdivision 4, paragraph (c), as amended.

Sec. 81. [FATHER PROJECT; TIME-LIMITED WAIVER OF EXISTING STATUTORY PROVISIONS.]

The commissioner of human services shall waive the enforcement of any existing specific statutory program requirements, administrative rules, and standards, including the relevant provisions of the following sections of Minnesota Statutes:

(1) 256.741, subdivision 2, paragraph (a);

(2) 256J.30, subdivision 11;

(3) 256J.33, subdivision 4, clause (5); and

(4) 256J.34, subdivision 1, paragraph (d).

The waivers permitted under this section are for the limited purposes of allowing the entire amount of direct child support payments to be passed through for the children of individuals participating in the FATHER project and excluding any direct child support payments paid by participants in the FATHER project as income under the MFIP program for individuals receiving the child support payments who also receive MFIP assistance. State dollars to offset the increased costs to the state of implementing the waivers are available only to the extent that they are matched on a dollar for dollar basis by money provided by the private philanthropical community. The waiver authority granted by this section sunsets on July 1, 2002.

Sec. 82. [REPEALER.]

Minnesota Statutes 1998, sections 256D.053, subdivision 4; and 256J.62, subdivisions 2, 3, and 5; and Laws 1997, chapter 85, article 1, section 63, are repealed.

ARTICLE 7

CHILD SUPPORT

Section 1. Minnesota Statutes 1998, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, social security numbers, income, addresses, and other data as required, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits, and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;

(9) between the department of human services and the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the statewide Minnesota family investment program by exchanging data on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education services office to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children or Minnesota family investment program-statewide may be disclosed to law enforcement officers who provide the name of the recipient and notify the agency that:

(i) the recipient:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, social security number, and, if available, photograph of any member of a household receiving food stamps shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) certain information regarding child support obligors who are in arrears may be made public according to section 518.575;

(20) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(21) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(22) to the department of children, families, and learning for the purpose of matching department of children, families, and learning student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to produce accurate numbers of students receiving aid to families with dependent children or Minnesota family investment program-statewide as required by section 126C.06; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(23) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(24) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(25) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs; ~~or~~

(26) to monitor and evaluate the statewide Minnesota family investment program by exchanging data between the departments of human services and children, families, and learning, on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L; or

(27) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the department of human services, department of revenue, department of health, department of economic security, and other state agencies as is reasonably necessary to perform these functions.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1998, section 256.87, subdivision 1a, is amended to read:

Subd. 1a. [CONTINUING SUPPORT CONTRIBUTIONS.] In addition to granting the county or state agency a money judgment, the court may, upon a motion or order to show cause, order continuing support contributions by a parent found able to reimburse the county or state agency. The order shall be effective for the period of time during which the recipient receives public assistance from any county or state agency and thereafter. The order shall require support according to chapter 518 and include the names and social security numbers of the father, mother, and the

child or children. An order for continuing contributions is reinstated without further hearing upon notice to the parent by any county or state agency that public assistance, as defined in section 256.741, is again being provided for the child of the parent. The notice shall be in writing and shall indicate that the parent may request a hearing for modification of the amount of support or maintenance.

Sec. 3. Minnesota Statutes 1998, section 256.978, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR INFORMATION.] (a) The public authority responsible for child support in this state or any other state, in order to locate a person or to obtain information necessary to establish paternity and child support or to modify or enforce child support or distribute collections, may request information reasonably necessary to the inquiry from the records of (1) all departments, boards, bureaus, or other agencies of this state, which shall, notwithstanding the provisions of section 268.19 or any other law to the contrary, provide the information necessary for this purpose~~.~~; and (2) employers, utility companies, insurance companies, financial institutions, credit grantors, and labor associations doing business in this state. They shall provide ~~information as provided under subdivision 2~~ a response upon written or electronic request ~~by an agency responsible for child support enforcement regarding individuals owing or allegedly owing a duty to support~~ within 30 days of service of the request made by the public authority. Information requested and used or transmitted by the commissioner according to the authority conferred by this section may be made available to other agencies, statewide systems, and political subdivisions of this state, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program.

(b) For purposes of this section, "state" includes the District of Columbia, Puerto Rico, the United States Virgin Islands, and any territory or insular possession subject to the jurisdiction of the United States.

Sec. 4. Minnesota Statutes 1998, section 257.62, subdivision 5, is amended to read:

Subd. 5. [POSITIVE TEST RESULTS.] (a) If the results of blood or genetic tests completed in a laboratory accredited by the American Association of Blood Banks indicate that the likelihood of the alleged father's paternity, calculated with a prior probability of no more than 0.5 (50 percent), is 92 percent or greater, upon motion the court shall order the alleged father to pay temporary child support determined according to chapter 518. The alleged father shall pay the support money to the public authority if the public authority is a party and is providing services to the parties or, if not, into court pursuant to the rules of civil procedure to await the results of the paternity proceedings.

(b) If the results of blood or genetic tests completed in a laboratory accredited by the American Association of Blood Banks indicate that likelihood of the alleged father's paternity, calculated with a prior probability of no more than 0.5 (50 percent), is 99 percent or greater, the alleged father is presumed to be the parent and the party opposing the establishment of the alleged father's paternity has the burden of proving by clear and convincing evidence that the alleged father is not the father of the child.

Sec. 5. Minnesota Statutes 1998, section 257.75, subdivision 2, is amended to read:

Subd. 2. [REVOCATION OF RECOGNITION.] A recognition may be revoked in a writing signed by the mother or father before a notary public and filed with the state registrar of vital statistics within the earlier of ~~30~~ 60 days after the recognition is executed or the date of an administrative or judicial hearing relating to the child in which the revoking party is a party to the related action. A joinder in a recognition may be revoked in a writing signed by the man who executed the joinder and filed with the state registrar of vital statistics within ~~30~~ 60 days after the joinder is executed. Upon receipt of a revocation of the recognition of parentage or joinder in a recognition, the state registrar of vital statistics shall forward a copy of the revocation to the nonrevoking parent, or, in the case of a joinder in a recognition, to the mother and father who executed the recognition.

Sec. 6. Minnesota Statutes 1998, section 518.10, is amended to read:

518.10 [REQUISITES OF PETITION.]

The petition for dissolution of marriage or legal separation shall state and allege:

(a) the name, address, and, in circumstances in which child support or spousal maintenance will be addressed, social security number of the petitioner and any prior or other name used by the petitioner;

(b) the name and, if known, the address and, in circumstances in which child support or spousal maintenance will be addressed, social security number of the respondent and any prior or other name used by the respondent and known to the petitioner;

(c) the place and date of the marriage of the parties;

(d) in the case of a petition for dissolution, that either the petitioner or the respondent or both:

(1) has resided in this state for not less than 180 days immediately preceding the commencement of the proceeding, or

(2) has been a member of the armed services and has been stationed in this state for not less than 180 days immediately preceding the commencement of the proceeding, or

(3) has been a domiciliary of this state for not less than 180 days immediately preceding the commencement of the proceeding;

(e) the name at the time of the petition and any prior or other name, social security number, age, and date of birth of each living minor or dependent child of the parties born before the marriage or born or adopted during the marriage and a reference to, and the expected date of birth of, a child of the parties conceived during the marriage but not born;

(f) whether or not a separate proceeding for dissolution, legal separation, or custody is pending in a court in this state or elsewhere;

(g) in the case of a petition for dissolution, that there has been an irretrievable breakdown of the marriage relationship;

(h) in the case of a petition for legal separation, that there is a need for a decree of legal separation;

(i) any temporary or permanent maintenance, child support, child custody, disposition of property, attorneys' fees, costs and disbursements applied for without setting forth the amounts; and

(j) whether an order for protection under chapter 518B or a similar law of another state that governs the parties or a party and a minor child of the parties is in effect and, if so, the district court or similar jurisdiction in which it was entered.

The petition shall be verified by the petitioner or petitioners, and its allegations established by competent evidence.

Sec. 7. [518.146] [SOCIAL SECURITY NUMBERS; TAX RETURNS; IDENTITY PROTECTION.]

The social security numbers and tax returns required under this chapter are private data, except that they must be disclosed to the other parties to a proceeding.

Sec. 8. Minnesota Statutes 1998, section 518.551, is amended by adding a subdivision to read:

Subd. 15. [LICENSE SUSPENSION.] (a) Upon motion of an obligee or the public authority, which has been properly served on the obligor by first class mail at the last known address or in person, and if at a hearing, the court or an administrative law judge finds (1) the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment agreement regarding both current support and arrearages, or (2) has failed, after receiving notice, to comply with a subpoena relating to a paternity or child support proceeding, the court or administrative law judge may direct the commissioner of natural resources to suspend or bar receipt of the obligor's recreational license or licenses.

(b) For the purposes of this subdivision, a recreational license includes all licenses, permits, and stamps issued centrally by the commissioner of natural resources under sections 97B.301, 97B.401, 97B.501, 97B.515, 97B.601, 97B.715, 97B.721, 97B.801, 97C.301, and 97C.305.

(c) An obligor whose recreational license or licenses have been suspended or barred may provide proof to the court or administrative law judge that the obligor is in compliance with all written payment agreements regarding both current support and arrearages. Within 15 days of receipt of that proof, the court or administrative law judge may notify the commissioner of natural resources that the obligor's recreational license or licenses should no longer be suspended nor should receipt be barred.

Sec. 9. Minnesota Statutes 1998, section 518.57, subdivision 3, is amended to read:

Subd. 3. [SATISFACTION OF CHILD SUPPORT OBLIGATION.] The court ~~may~~ must conclude that an obligor has satisfied a child support obligation by providing a home, care, and support for the child while the child is living with the obligor, if the court finds that the child was integrated into the family of the obligor with the consent or acquiescence of the obligee and child support payments were not assigned to the public agency under section 256.74.

Sec. 10. Minnesota Statutes 1998, section 518.5851, is amended by adding a subdivision to read:

Subd. 6. [CREDITOR COLLECTIONS.] The central collections unit under this section is not a third party under chapters 550, 552, and 571 for purposes of creditor collection efforts against child support and maintenance order obligors or obligees, and shall not be subject to creditor levy, attachment, or garnishment.

Sec. 11. Minnesota Statutes 1998, section 518.5853, is amended by adding a subdivision to read:

Subd. 11. [COLLECTIONS UNIT RECOUPMENT ACCOUNT.] The commissioner of human services may establish a revolving account to cover funds issued in error due to insufficient funds or other reasons. Appropriations for this purpose and all recoupments against payments from the account shall be deposited in the collections unit's recoupment account and are appropriated to the commissioner. Any unexpended balance in the account does not cancel, but is available until expended.

Sec. 12. Minnesota Statutes 1998, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87 or 256B.01 to 256B.40; (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair; (5) extraordinary medical expenses of the child not provided for under section 518.171; or (6) the addition of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses.

On a motion to modify support, the needs of any child the obligor has after the entry of the support order that is the subject of a modification motion shall be considered as provided by section 518.551, subdivision 5f.

(b) It is presumed that there has been a substantial change in circumstances under paragraph (a) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if:

(1) the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least $50 per month higher or lower than the current support order;

(2) the medical support provisions of the order established under section 518.171 are not enforceable by the public authority or the custodial parent;

(3) health coverage ordered under section 518.171 is not available to the child for whom the order is established by the parent ordered to provide; or

(4) the existing support obligation is in the form of a statement of percentage and not a specific dollar amount.

(c) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(d) A modification of support or maintenance, including interest that accrued pursuant to section 548.091, may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that:

(1) the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion;

(2) the party seeking modification was a recipient of federal Supplemental Security Income (SSI), Title II Older Americans, Survivor's Disability Insurance (OASDI), other disability benefits, or public assistance based upon need during the period for which retroactive modification is sought; or

(3) the order for which the party seeks amendment was entered by default, the party shows good cause for not appearing, and the record contains no factual evidence, or clearly erroneous evidence regarding the individual obligor's ability to pay.

The court may provide that a reduction in the amount allocated for child care expenses based on a substantial decrease in the expenses is effective as of the date the expenses decreased.

(e) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(f) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(g) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 13. Minnesota Statutes 1998, section 548.09, subdivision 1, is amended to read:

Subdivision 1. [ENTRY AND DOCKETING; SURVIVAL OF JUDGMENT.] Except as provided in section 548.091, every judgment requiring the payment of money shall be ~~docketed~~ entered by the court administrator ~~upon its entry~~ when ordered by the court and will be docketed by the court administrator upon the filing of an affidavit as provided in subdivision 2. Upon a transcript of the docket being filed with the court administrator in any other county, the court administrator shall also docket it. From the time of docketing the judgment is a lien, in the amount unpaid, upon all real property in the county then or thereafter owned by the judgment debtor, but it is not a lien upon registered land unless it is also filed pursuant to sections 508.63 and 508A.63. The judgment survives, and the lien continues, for ten years after its entry. Child support judgments may be renewed ~~by service of notice upon the debtor. Service shall be by certified mail at the last known address of the debtor or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service the court administrator shall renew the judgment for child support without any additional filing fee~~ pursuant to section 548.091.

Sec. 14. Minnesota Statutes 1998, section 548.091, subdivision 1, is amended to read:

Subdivision 1. [ENTRY AND DOCKETING OF MAINTENANCE JUDGMENT.] (a) A judgment for unpaid amounts under a judgment or decree of dissolution or legal separation that provides for installment or periodic payments of maintenance shall be entered ~~and docketed~~ by the court administrator ~~only~~ when ordered by the court or shall be entered and docketed by the court administrator when the following conditions are met:

~~(a)~~ (1) the obligee determines that the obligor is at least 30 days in arrears;

~~(b)~~ (2) the obligee serves a copy of an affidavit of default and notice of intent to enter and docket judgment on the obligor by first class mail at the obligor's last known post office address. Service shall be deemed complete upon mailing in the manner designated. The affidavit shall state the full name, occupation, place of residence, and last known post office address of the obligor, the name and post office address of the obligee, the date of the first unpaid amount, the date of the last unpaid amount, and the total amount unpaid;

~~(c)~~ (3) the obligor fails within 20 days after mailing of the notice either to pay all unpaid amounts or to request a hearing on the issue of whether arrears claimed owing have been paid and to seek, ex parte, a stay of entry of judgment; and

~~(d)~~ (4) not less than 20 days after service on the obligor in the manner provided, the obligee files with the court administrator the affidavit of default together with proof of service and, if payments have been received by the obligee since execution of the affidavit of default, a supplemental affidavit setting forth the amount of payment received and the amount for which judgment is to be entered and docketed.

(b) A judgment entered and docketed under this subdivision has the same effect and is subject to the same procedures, defenses, and proceedings as any other judgment in district court, and may be enforced or satisfied in the same manner as judgments under section 548.09.

(c) An obligor whose property is subject to the lien of a judgment for installment of periodic payments of maintenance under section 548.09, and who claims that no amount of maintenance is in arrears, may move the court ex parte for an order directing the court administrator to vacate the lien of the judgment on the docket and register of the action where it was entered. The obligor shall file with the motion an affidavit stating:

(1) the lien attached upon the docketing of a judgment or decree of dissolution or separate maintenance;

(2) the docket was made while no installment or periodic payment of maintenance was unpaid or overdue; and

(3) no installment or periodic payment of maintenance that was due prior to the filing of the motion remains unpaid or overdue.

The court shall grant the obligor's motion as soon as possible if the pleadings and affidavit show that there is and has been no default.

Sec. 15. Minnesota Statutes 1998, section 548.091, subdivision 1a, is amended to read:

Subd. 1a. [CHILD SUPPORT JUDGMENT BY OPERATION OF LAW.] (a) Any payment or installment of support required by a judgment or decree of dissolution or legal separation, determination of parentage, an order under chapter 518C, an order under section 256.87, or an order under section 260.251, that is not paid or withheld from the obligor's income as required under section 518.6111, or which is ordered as child support by judgment, decree, or order by a court in any other state, is a judgment by operation of law on and after the date it is due ~~and~~, is entitled to full faith and credit in this state and any other state, and shall be entered and docketed by the court administrator on the filing of affidavits as provided in subdivision 2a. Except as otherwise provided by paragraph (b), interest accrues from the date the unpaid amount due is greater than the current support due at the annual rate provided in section 549.09, subdivision 1, plus two percent, not to exceed an annual rate of 18 percent. A payment or installment of support that becomes a judgment by operation of law between the date on which a party served notice of a motion for modification under section 518.64, subdivision 2, and the date of the court's order on modification may be modified under that subdivision.

(b) Notwithstanding the provisions of section 549.09, upon motion to the court and upon proof by the obligor of 36 consecutive months of complete and timely payments of both current support and court-ordered paybacks of a child support debt or arrearage, the court may order interest on the remaining debt or arrearage to stop accruing. Timely payments are those made in the month in which they are due. If, after that time, the obligor fails to make complete and timely payments of both current support and court-ordered paybacks of child support debt or arrearage, the public authority or the obligee may move the court for the reinstatement of interest as of the month in which the obligor ceased making complete and timely payments.

The court shall provide copies of all orders issued under this section to the public authority. The commissioner of human services shall prepare and make available to the court and the parties forms to be submitted by the parties in support of a motion under this paragraph.

(c) Notwithstanding the provisions of section 549.09, upon motion to the court, the court may order interest on a child support debt to stop accruing where the court finds that the obligor is:

(1) unable to pay support because of a significant physical or mental disability; or

(2) a recipient of Supplemental Security Income (SSI), Title II Older Americans Survivor's Disability Insurance (OASDI), other disability benefits, or public assistance based upon need.

Sec. 16. Minnesota Statutes 1998, section 548.091, subdivision 2a, is amended to read:

Subd. 2a. [ENTRY AND DOCKETING OF CHILD SUPPORT JUDGMENT.] (a) On or after the date an unpaid amount becomes a judgment by operation of law under subdivision 1a, the obligee or the public authority may file with the court administrator~~, either electronically or by other means~~:

(1) a statement identifying, or a copy of, the judgment or decree of dissolution or legal separation, determination of parentage, order under chapter 518B or 518C, an order under section 256.87, an order under section 260.251, or judgment, decree, or order for child support by a court in any other state, which provides for periodic installments of child support, or a judgment or notice of attorney fees and collection costs under section 518.14, subdivision 2;

(2) an affidavit of default. The affidavit of default must state the full name, occupation, place of residence, and last known post office address of the obligor, the name and post office address of the obligee, the date or dates payment was due and not received and judgment was obtained by operation of law, the total amount of the judgments to ~~the date of filing, and the amount and frequency of the periodic installments of child support that will continue to become due and payable subsequent to the date of filing~~ be entered and docketed; and

(3) an affidavit of service of a notice of intent to enter and docket judgment and to recover attorney fees and collection costs on the obligor, in person or by first class mail at the obligor's last known post office address. Service is completed upon mailing in the manner designated. Where applicable, a notice of interstate lien in the form promulgated under United States Code, title 42, section 652(a), is sufficient to satisfy the requirements of clauses (1) and (2).

(b) A judgment entered and docketed under this subdivision has the same effect and is subject to the same procedures, defenses, and proceedings as any other judgment in district court, and may be enforced or satisfied in the same manner as judgments under section 548.09, except as otherwise provided.

Sec. 17. Minnesota Statutes 1998, section 548.091, subdivision 3a, is amended to read:

Subd. 3a. [ENTRY, DOCKETING, AND SURVIVAL OF CHILD SUPPORT JUDGMENT.] Upon receipt of the documents filed under subdivision 2a, the court administrator shall enter and docket the judgment in the amount of the unpaid obligation identified in the affidavit of default. ~~and note the amount and frequency of the periodic installments of child support that will continue to become due and payable after the date of docketing. From the time of docketing, the judgment is a lien upon all the real property in the county owned by the judgment debtor, but it is not a lien on registered land unless the obligee or the public authority causes a notice of judgment lien or certified copy of the judgment to be memorialized on the certificate of title or certificate of possessory title under section 508.63 or 508A.63. The judgment survives and the lien continues for ten years after the date the judgment was docketed.~~

Subd. 3b. [CHILD SUPPORT JUDGMENT ADMINISTRATIVE RENEWALS.] Child support judgments may be renewed by service of notice upon the debtor. Service ~~shall~~ must be by ~~certified~~ first class mail at the last known address of the debtor, with service deemed complete upon mailing in the manner designated, or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service, the court administrator shall administratively renew the judgment for child support without any additional filing fee in the same court file as the original child support judgment. The judgment must be renewed in an amount equal to the unpaid principle plus the accrued unpaid interest. Child support judgments may be renewed multiple times until paid.

Sec. 18. Minnesota Statutes 1998, section 548.091, subdivision 4, is amended to read:

Subd. 4. [CHILD SUPPORT HEARING.] A child support obligor may request a hearing under the rules of civil procedure on the issue of whether the judgment amount or amounts have been paid and may move the court for an order directing the court administrator to vacate or modify the judgment or judgments ~~on the docket and register in any county or other jurisdiction in which judgment or judgments were~~ entered pursuant to this action.

The court shall grant the obligor's motion if it determines that there is no default.

Sec. 19. Minnesota Statutes 1998, section 548.091, is amended by adding a subdivision to read:

Subd. 5a. [ADDITIONAL CHILD SUPPORT JUDGMENTS.] As child support payments continue to become due and are unpaid, additional judgments may be entered and docketed by following the procedures in subdivision 1a. Each judgment entered and docketed for unpaid child support payments must be treated as a distinct judgment for purposes of enforcement and satisfaction.

Sec. 20. Minnesota Statutes 1998, section 548.091, subdivision 10, is amended to read:

Subd. 10. [RELEASE OF LIEN.] Upon payment of the amount due ~~under subdivision 5~~, the public authority shall execute and deliver a satisfaction of the judgment lien within five business days.

Sec. 21. Minnesota Statutes 1998, section 548.091, subdivision 11, is amended to read:

Subd. 11. [SPECIAL PROCEDURES.] The public authority shall negotiate a release of lien on specific property for less than the full amount due where the proceeds of a sale or financing, less reasonable and necessary closing expenses, are not sufficient to satisfy all encumbrances on the liened property. Partial releases do not release the obligor's personal liability for the amount unpaid. A partial satisfaction for the amount received must be filed with the court administrator.

Sec. 22. Minnesota Statutes 1998, section 548.091, subdivision 12, is amended to read:

Subd. 12. [CORRECTING ERRORS.] The public authority shall maintain a process to review the identity of the obligor and to issue releases of lien in cases of misidentification. The public authority shall maintain a process to review the amount of child support ~~determined to be delinquent and to issue amended notices of judgment lien in cases of incorrectly docketed~~ judgments arising by operation of law. The public authority may move the court for an order to amend the judgment when the amount of judgment entered and docketed is incorrect.

Sec. 23. Minnesota Statutes 1998, section 552.05, subdivision 10, is amended to read:

Subd. 10. [FORMS.] ~~The commissioner of human services shall develop statutory forms for use as required under this chapter. In developing these forms, the commissioner shall consult with the attorney general, representatives of financial institutions, and legal services. The commissioner shall report back to the legislature by February 1, 1998, with recommended forms to be included in this chapter.~~ The supreme court is requested to develop forms for use in proceedings under this chapter.

Sec. 24. Laws 1995, chapter 257, article 1, section 35, subdivision 1, is amended to read:

Subdivision 1. [CHILD SUPPORT ASSURANCE.] ~~The commissioner of human services shall seek a waiver from the secretary of the United States Department of Health and Human Services to enable the department of human services to operate a demonstration project of child support assurance. The commissioner shall seek authority from the legislature to implement a demonstration project of child support assurance when enhanced federal funds become available for this purpose.~~ The department of human services shall continue to plan a demonstration project of child support assurance by administering the grant awarded under the federal program entitled "Developing a Plan for a Child Support Assurance Program."

Sec. 25. [REPEALER.]

Minnesota Statutes 1998, section 548.091, subdivisions 3, 5, and 6, are repealed.

ARTICLE 8

HEALTH OCCUPATIONS

Section 1. [144E.37] [COMPREHENSIVE ADVANCED LIFE SUPPORT.]

The board shall establish a comprehensive advanced life support educational program to train rural medical personnel, including physicians, physician assistants, nurses, and allied health care providers, in a team approach to anticipate, recognize, and treat life-threatening emergencies before serious injury or cardiac arrest occurs.

ARTICLE 9

CHILD PROTECTION

Section 1. Minnesota Statutes 1998, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in

conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, Minnesota family investment program-statewide, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance, MFIP-S, and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC, MFIP-S, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches $1,000,000. When the balance in the account exceeds $1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the senior citizen drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate

program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

Sec. 2. Minnesota Statutes 1998, section 256B.094, subdivision 3, is amended to read:

Subd. 3. [COORDINATION AND PROVISION OF SERVICES.] (a) In a county or reservation where a prepaid medical assistance provider has contracted under section 256B.031 or 256B.69 to provide mental health services, the case management provider shall coordinate with the prepaid provider to ensure that all necessary mental health services required under the contract are provided to recipients of case management services.

(b) When the case management provider determines that a prepaid provider is not providing mental health services as required under the contract, the case management provider shall assist the recipient to appeal the prepaid provider's denial pursuant to section 256.045, and may make other arrangements for provision of the covered services.

(c) The case management provider may bill the provider of prepaid health care services for any mental health services provided to a recipient of case management services which the county or tribal social services arranges for or provides and which are included in the prepaid provider's contract, and which were determined to be medically necessary as a result of an appeal pursuant to section 256.045. The prepaid provider must reimburse the mental health provider, at the prepaid provider's standard rate for that service, for any services delivered under this subdivision.

(d) If the county or tribal social services has not obtained prior authorization for this service, or an appeal results in a determination that the services were not medically necessary, the county or tribal social services may not seek reimbursement from the prepaid provider.

Sec. 3. Minnesota Statutes 1998, section 256B.094, subdivision 5, is amended to read:

Subd. 5. [CASE MANAGER.] To provide case management services, a case manager must be employed or contracted by and authorized by the case management provider to provide case management services and meet all requirements under section 256F.10.

Sec. 4. Minnesota Statutes 1998, section 256B.094, subdivision 6, is amended to read:

Subd. 6. [MEDICAL ASSISTANCE REIMBURSEMENT OF CASE MANAGEMENT SERVICES.] (a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the minimum standards in clauses (1) and (2):

(1) there must be a face-to-face contact at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility in an excluded time facility under section 256G.02, subdivision 6, or through the Interstate Compact on the Placement of Children, section 257.40, and the placement in either case is more than 60 miles beyond the county boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

(b) Except as provided under paragraph (c), the payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482, 256.01, subdivision 2, paragraph (17), and 256E.08, subdivision 8.

(c) Payments for tribes may be made according to section 256B.0625 for child welfare targeted case management provided by Indian health services and facilities operated by a tribe or tribal organization.

(d) Payment for case management provided by county or tribal social services contracted vendors shall be based on a monthly rate negotiated by the host county or tribal social services. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribal social services may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribal social services, except to reimburse the county or tribal social services for advance funding provided by the county or tribal social services to the vendor.

(e) If the service is provided by a team that includes contracted vendors and county or tribal social services staff, the costs for county or tribal social services staff participation in the team shall be included in the rate for county or tribal social services provided services. In this case, the contracted vendor and the county or tribal social services may each receive separate payment for services provided by each entity in the same month. To prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles and services of the team members.

Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study, or under paragraph (c), shall be distributed according to earnings, to counties, reservations, or groups of counties or reservations which have the same payment rate under this subdivision, and to the group of counties or reservations which are not certified providers under section 256F.10. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

Sec. 5. Minnesota Statutes 1998, section 256F.03, subdivision 5, is amended to read:

Subd. 5. [FAMILY-BASED SERVICES.] "Family-based services" means one or more of the services described in paragraphs (a) to ~~(f)~~ (e) provided to families primarily in their own home for a limited time.

(a) [CRISIS SERVICES.] "Crisis services" means professional services provided within 24 hours of referral to alleviate a family crisis and to offer an alternative to placing a child outside the family home. The services are intensive and time limited. The service may offer transition to other appropriate community-based services.

(b) [COUNSELING SERVICES.] "Counseling services" means professional family counseling provided to alleviate individual and family dysfunction; provide an alternative to placing a child outside the family home; or permit a child to return home. The duration, frequency, and intensity of the service is determined in the individual or family service plan.

(c) [LIFE MANAGEMENT SKILLS SERVICES.] "Life management skills services" means paraprofessional services that teach family members skills in such areas as parenting, budgeting, home management, and communication. The goal is to strengthen family skills as an alternative to placing a child outside the family home or to permit a child to return home. A social worker shall coordinate these services within the family case plan.

(d) ~~[CASE COORDINATION SERVICES.] "Case coordination services" means professional services provided to an individual, family, or caretaker as an alternative to placing a child outside the family home, to permit a child to return home, or to stabilize the long-term or permanent placement of a child. Coordinated services are provided directly, are arranged, or are monitored to meet the needs of a child and family. The duration, frequency, and intensity of services is determined in the individual or family service plan.~~

~~(e)~~ [MENTAL HEALTH SERVICES.] "Mental health services" means the professional services defined in section 245.4871, subdivision 31.

~~(f)~~ (e) [EARLY INTERVENTION SERVICES.] "Early intervention services" means family-based intervention services designed to help at-risk families avoid crisis situations.

Sec. 6. Minnesota Statutes 1998, section 256F.05, subdivision 8, is amended to read:

Subd. 8. [USES OF FAMILY PRESERVATION FUND GRANTS.] (a) A county which has not demonstrated that year that its family preservation core services are developed as provided in subdivision 1a, must use its family preservation fund grant exclusively for family preservation services defined in section 256F.03, subdivision 5, paragraphs (a), (b), (c), and ~~(e)~~ (d).

(b) A county which has demonstrated that year that its family preservation core services are developed becomes eligible either to continue using its family preservation fund grant as provided in paragraph (a), or to exercise the expanded service option under paragraph (c).

(c) The expanded service option permits an eligible county to use its family preservation fund grant for child welfare preventive services. For purposes of this section, child welfare preventive services are those services directed toward a specific child or family that further the goals of section 256F.01 and include assessments, family preservation services, service coordination, community-based treatment, crisis nursery services when the parents retain custody and there is no voluntary placement agreement with a child-placing agency, respite care except when it is provided under a medical assistance waiver, home-based services, and other related services. For purposes of this section, child welfare preventive services shall not include shelter care or other placement services under the authority of the court or public agency to address an emergency. To exercise this option, an eligible county must notify the commissioner in writing of its intention to do so ~~no later than 30 days into the quarter during which it intends to begin~~ or select this option in its county plan, as provided in section 256F.04, subdivision 2. Effective with the first day of ~~that quarter~~ the grant period in which this option is selected, the county must maintain its base level of expenditures for child welfare preventive services and use the family preservation fund to expand them. The base level of expenditures for a county shall be that established under section 256F.10, subdivision 7. For counties which have no such base established, a comparable base shall be established with the base year being the calendar year ending at least two calendar quarters before the first calendar quarter in which the county exercises its expanded service option. The commissioner shall, at the request of the counties, reduce, suspend, or eliminate either or both of a county's obligations to continue the base level of expenditures and to expand child welfare preventive services under extraordinary circumstances.

(d) Notwithstanding paragraph (a), a county that is participating in the child protection assessments or investigations community collaboration pilot program under section 626.5560, or in the concurrent permanency planning pilot program under section 257.0711, may use its family preservation fund grant for those programs.

Sec. 7. Minnesota Statutes 1998, section 256F.10, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Persons under 21 years of age who are eligible to receive medical assistance are eligible for child welfare targeted case management services under section 256B.094 and this section if they have received an assessment and have been determined by the local county or tribal social services agency to be:

(1) at risk of placement or in placement as described in section 257.071, subdivision 1;

(2) at risk of maltreatment or experiencing maltreatment as defined in section 626.556, subdivision 10e; or

(3) in need of protection or services as defined in section 260.015, subdivision 2a.

Sec. 8. Minnesota Statutes 1998, section 256F.10, subdivision 4, is amended to read:

Subd. 4. [PROVIDER QUALIFICATIONS AND CERTIFICATION STANDARDS.] The commissioner must certify each provider before enrolling it as a child welfare targeted case management provider of services under section 256B.094 and this section. The certification process shall examine the provider's ability to meet the qualification requirements and certification standards in this subdivision and other federal and state requirements of this service. A certified child welfare targeted case management provider is an enrolled medical assistance provider who is determined by the commissioner to have all of the following:

(1) the legal authority to provide public welfare under sections 393.01, subdivision 7, and 393.07 or a federally recognized Indian tribe;

(2) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;

(3) administrative capacity and experience in serving the target population for whom it will provide services and in ensuring quality of services under state and federal requirements;

(4) the legal authority to provide complete investigative and protective services under section 626.556, subdivision 10, and child welfare and foster care services under section 393.07, subdivisions 1 and 2 or a federally recognized Indian tribe;

(5) a financial management system that provides accurate documentation of services and costs under state and federal requirements; and

(6) the capacity to document and maintain individual case records under state and federal requirements.

Sec. 9. Minnesota Statutes 1998, section 256F.10, subdivision 6, is amended to read:

Subd. 6. [DISTRIBUTION OF NEW FEDERAL REVENUE.] (a) Except for portion set aside in paragraph (b), the federal funds earned under this section and section 256B.094 by ~~counties~~ providers shall be paid to each ~~county~~ provider based on its earnings, and must be used by each ~~county~~ provider to expand preventive child welfare services.

If a county or tribal social services chooses to be a provider of child welfare targeted case management and if that county or tribal social services also joins a local children's mental health collaborative as authorized by the 1993 legislature, then the federal reimbursement received by the county or tribal social services for providing child welfare targeted case management services to children served by the local collaborative shall be transferred by the county or tribal social services to the integrated fund. The federal reimbursement transferred to the integrated fund by the county or tribal social services must not be used for residential care other than respite care described under subdivision 7, paragraph (d).

(b) The commissioner shall set aside a portion of the federal funds earned under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

(1) the costs of developing and implementing this section and sections 256.8711 and 256B.094;

(2) programming the information systems; and

(3) the lost federal revenue for the central office claim directly caused by the implementation of these sections.

Any unexpended funds from the set aside under this paragraph shall be distributed to ~~counties~~ providers according to paragraph (a).

Sec. 10. Minnesota Statutes 1998, section 256F.10, subdivision 7, is amended to read:

Subd. 7. [EXPANSION OF SERVICES AND BASE LEVEL OF EXPENDITURES.] (a) Counties and tribal social services must continue the base level of expenditures for preventive child welfare services from either or both of any state, county, or federal funding source, which, in the absence of federal funds earned under this section, would have been available for these services. The commissioner shall review the county or tribal social services expenditures annually using reports required under sections 245.482, 256.01, subdivision 2, paragraph 17, and 256E.08, subdivision 8, to ensure that the base level of expenditures for preventive child welfare services is continued from sources other than the federal funds earned under this section.

(b) The commissioner may reduce, suspend, or eliminate either or both of a county's or tribal social services' obligations to continue the base level of expenditures and to expand child welfare preventive services if the commissioner determines that one or more of the following conditions apply to that county or reservation:

(1) imposition of levy limits that significantly reduce available social service funds;

(2) reduction in the net tax capacity of the taxable property within a county or reservation that significantly reduces available social service funds;

(3) reduction in the number of children under age 19 in the county or reservation by 25 percent when compared with the number in the base year using the most recent data provided by the state demographer's office; or

(4) termination of the federal revenue earned under this section.

(c) The commissioner may suspend for one year either or both of a county's or tribal social services' obligations to continue the base level of expenditures and to expand child welfare preventive services if the commissioner determines that in the previous year one or more of the following conditions applied to that county or reservation:

(1) the total number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, has been reduced by 50 percent from the total number in the base year; or

(2) the average number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, on the last day of each month is equal to or less than one child per 1,000 children in the county or reservation.

(d) For the purposes of this section, child welfare preventive services are those services directed toward a specific child or family that further the goals of section 256F.01 and include assessments, family preservation services, service coordination, community-based treatment, crisis nursery services when the parents retain custody and there is no voluntary placement agreement with a child-placing agency, respite care except when it is provided under a medical assistance waiver, home-based services, and other related services. For the purposes of this section, child welfare preventive services shall not include shelter care placements under the authority of the court or public agency to address an emergency, residential services except for respite care, child care for the purposes of employment and training, adult services, services other than child welfare targeted case management when they are provided under medical assistance, placement services, or activities not directed toward a specific child or family. Respite care must be planned, routine care to support the continuing residence of the child with its family or long-term primary caretaker and must not be provided to address an emergency.

(e) For the counties and tribal social services beginning to claim federal reimbursement for services under this section and section 256B.094, the base year is the calendar year ending at least two calendar quarters before the first calendar quarter in which the ~~county~~ provider begins claiming reimbursement. For the purposes of this section, the base level of expenditures is the level of county or tribal social services expenditures in the base year for eligible child welfare preventive services described in this subdivision.

Sec. 11. Minnesota Statutes 1998, section 256F.10, subdivision 8, is amended to read:

Subd. 8. [PROVIDER RESPONSIBILITIES.] (a) Notwithstanding section 256B.19, subdivision 1, for the purposes of child welfare targeted case management under section 256B.094 and this section, the nonfederal share of costs shall be provided by the provider of child welfare targeted case management from sources other than federal funds or funds used to match other federal funds except when allowed by federal law or agreement.

(b) Provider expenditures eligible for federal reimbursement under this section must not be made from federal funds or funds used to match other federal funds except when allowed by federal law or agreement.

(c) The commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of section 256B.094 and this section. The county or reservation is responsible for any federal disallowances. The county or reservation may share this responsibility with its contracted vendors.

Sec. 12. Minnesota Statutes 1998, section 256F.10, subdivision 10, is amended to read:

Subd. 10. [CENTRALIZED DISBURSEMENT OF MEDICAL ASSISTANCE PAYMENTS.] Notwithstanding section 256B.041, ~~county~~ provider payments for the cost of child welfare targeted case management services shall not be made to the state treasurer. For the purposes of child welfare targeted case management services under section 256B.094 and this section, the centralized disbursement of payments to providers under section 256B.041 consists only of federal earnings from services provided under section 256B.094 and this section.

Sec. 13. Minnesota Statutes 1998, section 257.071, subdivision 1, is amended to read:

Subdivision 1. [PLACEMENT; PLAN.] (a) A case plan shall be prepared within 30 days after any child is placed in a residential facility by court order or by the voluntary release of the child by the parent or parents.

For purposes of this section, a residential facility means any group home, family foster home or other publicly supported out-of-home residential facility, including any out-of-home residential facility under contract with the state, county or other political subdivision, or any agency thereof, to provide those services or foster care as defined in section 260.015, subdivision 7.

(b) When a child is in placement, the responsible local social services agency shall make diligent efforts to identify, locate, and, where appropriate, offer services to both parents of the child. If a noncustodial or nonadjudicated parent is willing and capable of providing for the day-to-day care of the child, the local social services agency may seek authority from the custodial parent or the court to have that parent assume day-to-day care of the child. If a parent is not an adjudicated parent, the local social services agency shall require the nonadjudicated parent to cooperate with paternity establishment procedures as part of the case plan.

(c) If, after assessment, the local social services agency determines that the child cannot be in the day-to-day care of either parent, the agency shall prepare a case plan addressing the conditions that each parent must mitigate before the child could be in that parent's day-to-day care.

(d) If, after the provision of services following a case plan under this section and ordered by the juvenile court, the child cannot return to the care of the parent from whom the child was removed or who had legal custody at the time the child was placed in foster care, the agency may petition on behalf of a noncustodial parent to establish legal custody with that parent under section 260.191, subdivision 3b. If paternity has not already been established, it may be established in the same proceeding in the manner provided for under this chapter.

The responsible social services agency may be relieved of the requirement to locate and offer services to both parents by the juvenile court upon a finding of good cause after the filing of a petition under section 260.131.

(e) For the purposes of this section, a case plan means a written document which is ordered by the court or which is prepared by the social ~~service~~ services agency responsible for the residential facility placement and is signed by the parent or parents, or other custodian, of the child, the child's legal guardian, the social ~~service~~ services agency responsible for the residential facility placement, and, if possible, the child. The document shall be explained to all persons involved in its implementation, including the child who has signed the document, and shall set forth:

(1) the specific reasons for the placement of the child in a residential facility, including a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home;

(2) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (1), and the time period during which the actions are to be taken;

(3) the financial responsibilities and obligations, if any, of the parents for the support of the child during the period the child is in the residential facility;

(4) the visitation rights and obligations of the parent or parents or other relatives as defined in section 260.181, if such visitation is consistent with the best interest of the child, during the period the child is in the residential facility;

(5) the social and other supportive services to be provided to the parent or parents of the child, the child, and the residential facility during the period the child is in the residential facility;

(6) the date on which the child is expected to be returned to and safely maintained in the home of the parent or parents or placed for adoption or otherwise permanently removed from the care of the parent by court order;

(7) the nature of the effort to be made by the social ~~service~~ services agency responsible for the placement to reunite the family; ~~and~~

(8) notice to the parent or parents:

(i) that placement of the child in foster care may result in termination of parental rights but only after notice and a hearing as provided in chapter 260~~.~~; and

(ii) in cases where the agency has determined that both reasonable efforts to reunify the child with the parents, and reasonable efforts to place the child in a permanent home away from the parent that may become legally permanent are appropriate, notice of:

(A) time limits on the length of placement and of reunification services;

(B) the nature of the services available to the parent;

(C) the consequences to the parent and the child if the parent fails or is unable to use services to correct the circumstances that led to the child's placement;

(D) the first consideration for relative placement; and

(E) the benefit to the child in getting the child out of residential care as soon as possible, preferably by returning the child home, but if that is not possible, through legally permanent placement of the child away from the parent;

(9) a permanency hearing under section 260.191, subdivision 3b, or a termination of parental rights hearing under sections 260.221 to 260.245, where the agency asks the court to find that the child should be permanently placed away from the parent and includes documentation of the steps taken by the responsible social services agency to find an adoptive family or other legally permanent living arrangement for the child, to place the child with an adoptive family, a fit and willing relative through an award of permanent legal and physical custody, or in another planned and legally permanent living arrangement. The documentation must include child-specific recruitment efforts; and

(10) if the court has issued an order terminating the rights of both parents of the child or of the only known, living parent of the child, documentation of steps to finalize the adoption or legal guardianship of the child.

(f) The parent or parents and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social ~~service~~ services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

(g) When an agency accepts a child for placement, the agency shall determine whether the child has had a physical examination by or under the direction of a licensed physician within the 12 months immediately preceding the date when the child came into the agency's care. If there is documentation that the child has had such an examination within the last 12 months, the agency is responsible for seeing that the child has another physical examination within one year of the documented examination and annually in subsequent years. If the agency determines that the child has not had a physical examination within the 12 months immediately preceding placement, the agency shall ensure that the child has the examination within 30 days of coming into the agency's care and once a year in subsequent years.

Sec. 14. Minnesota Statutes 1998, section 257.071, subdivision 1d, is amended to read:

Subd. 1d. [RELATIVE SEARCH; NATURE.] (a) As soon as possible, but in any event within six months after a child is initially placed in a residential facility, the local social services agency shall identify any relatives of the child and notify them of the need for a foster care home for the child and of the possibility of the need for a permanent out-of-home placement of the child. Relatives should also be notified that a decision not to be a placement resource at the beginning of the case may affect the relative being considered for placement of the child with that relative later. The relatives must be notified that they must keep the local social services agency informed of their current address in order to receive notice that a permanent placement is being sought for the child. A relative who fails to provide a current address to the local social services agency forfeits the right to notice of the possibility of permanent placement. If the child's parent refuses to give the responsible social services agency information sufficient to identify relatives of the child, the agency shall determine whether the parent's refusal is in the child's best interests. If the agency determines the parent's refusal is not in the child's best interests, the agency shall file a petition under section 260.131, and shall ask the juvenile court to order the parent to provide the necessary information.

(b) Unless required under the Indian Child Welfare Act or relieved of this duty by the court because the child is placed with an appropriate relative who wishes to provide a permanent home for the child or the child is placed with a foster home that has committed to being the legally permanent placement for the child and the responsible social services agency approves of that foster home for permanent placement of the child, when the agency determines that it is necessary to prepare for the permanent placement determination hearing, or in anticipation of filing a termination of parental rights petition, the agency shall send notice to the relatives, any adult with whom the child is currently residing, any adult with whom the child has resided for one year or longer in the past, and any adults who have maintained a relationship or exercised visitation with the child as identified in the agency case plan. The notice must state that a permanent home is sought for the child and that the individuals receiving the notice may indicate to the agency their interest in providing a permanent home. The notice must state that within 30 days of receipt of the notice an individual receiving the notice must indicate to the agency the individual's interest in providing a permanent home for the child or that the individual may lose the opportunity to be considered for a permanent placement. This notice need not be sent if the child is placed with an appropriate relative who wishes to provide a permanent home for the child.

Sec. 15. Minnesota Statutes 1998, section 257.071, subdivision 4, is amended to read:

Subd. 4. [REVIEW OF DEVELOPMENTALLY DISABLED AND EMOTIONALLY HANDICAPPED CHILD PLACEMENTS.] If a developmentally disabled child, as that term is defined in United States Code, title 42, section 6001 (7), as amended through December 31, 1979, or a child diagnosed with an emotional handicap as defined in section 252.27, subdivision 1a, has been placed in a residential facility pursuant to a voluntary release by the child's parent or parents because of the child's handicapping conditions or need for long-term residential treatment or supervision, the social ~~service~~ services agency responsible for the placement shall bring a petition for review of the child's foster care status, pursuant to section 260.131, ~~subdivision 1a, rather than a~~ after the child has been in placement for six months. If a child is in placement due solely to the child's handicapping condition and custody of the child is not transferred to the responsible social services agency under section 260.191, subdivision 1, paragraph (a), clause (2), no petition ~~as~~ is required by section 260.191, subdivision 3b~~, after the child has been in foster care for six months or, in the case of a child with an emotional handicap, after the child has been in a residential facility for six months~~. Whenever a petition for review is brought pursuant to this subdivision, a guardian ad litem shall be appointed for the child.

Sec. 16. Minnesota Statutes 1998, section 257.85, subdivision 2, is amended to read:

Subd. 2. [SCOPE.] The provisions of this section apply to those situations in which the legal and physical custody of a child is established with a relative or important friend with whom the child has resided or had significant contact according to section 260.191, subdivision 3b, by a court order issued on or after July 1, 1997.

Sec. 17. Minnesota Statutes 1998, section 257.85, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "~~AFDC or~~ MFIP standard" means the ~~monthly standard of need used to calculate assistance under the AFDC program, the~~ transitional standard used to calculate assistance under the MFIP-S program, or, if ~~neither of those is applicable~~ permanent legal and physical custody of the child is given to a relative custodian residing outside of Minnesota, the analogous transitional standard or standard of need used to calculate assistance under the ~~MFIP or MFIP-R programs~~ TANF program of the state where the relative custodian lives.

(b) "Local agency" means the local social ~~service~~ services agency with legal custody of a child prior to the transfer of permanent legal and physical custody ~~to a relative~~.

(c) "Permanent legal and physical custody" means permanent legal and physical custody ordered by a Minnesota juvenile court under section 260.191, subdivision 3b.

(d) "Relative" ~~means an individual, other than a parent, who is related to a child by blood, marriage, or adoption~~ has the meaning given in section 260.015, subdivision 13.

(e) "Relative custodian" means a ~~relative of a child for whom the relative~~ person who has permanent legal and physical custody of a child. When siblings, including half-siblings and step siblings, are placed together in ~~the~~ permanent legal and physical custody ~~of a relative of one of the siblings~~, the person receiving permanent legal and physical custody of the siblings is considered a relative custodian of all of the siblings for purposes of this section.

(f) "Relative custody assistance agreement" means an agreement entered into between a local agency and ~~the relative of~~ a ~~child~~ person who has been or will be awarded permanent legal and physical custody of ~~the~~ a child.

(g) "Relative custody assistance payment" means a monthly cash grant made to a relative custodian pursuant to a relative custody assistance agreement and in an amount calculated under subdivision 7.

(h) "Remains in the physical custody of the relative custodian" means that the relative custodian is providing day-to-day care for the child and that the child lives with the relative custodian; absence from the relative custodian's home for a period of more than 120 days raises a presumption that the child no longer remains in the physical custody of the relative custodian.

Sec. 18. Minnesota Statutes 1998, section 257.85, subdivision 7, is amended to read:

Subd. 7. [AMOUNT OF RELATIVE CUSTODY ASSISTANCE PAYMENTS.] (a) The amount of a monthly relative custody assistance payment shall be determined according to the provisions of this paragraph.

(1) The total maximum assistance rate is equal to the base assistance rate plus, if applicable, the supplemental assistance rate.

(i) The base assistance rate is equal to the maximum amount that could be received as basic maintenance for a child of the same age under the adoption assistance program.

(ii) The local agency shall determine whether the child has physical, mental, emotional, or behavioral disabilities that require care, supervision, or structure beyond that ordinarily provided in a family setting to children of the same age such that the child would be eligible for supplemental maintenance payments under the adoption assistance program if an adoption assistance agreement were entered on the child's behalf. If the local agency determines that the child has such a disability, the supplemental assistance rate shall be the maximum amount of monthly supplemental maintenance payment that could be received on behalf of a child of the same age, disabilities, and circumstances under the adoption assistance program.

(2) The net maximum assistance rate is equal to the total maximum assistance rate from clause (1) less the following offsets:

(i) if the child is or will be part of an assistance unit receiving an ~~AFDC,~~ MFIP-S~~, or other MFIP~~ grant or a grant from a similar program of another state, the portion of the ~~AFDC or~~ MFIP standard relating to the child as calculated under paragraph (b), clause (2);

(ii) Supplemental Security Income payments received by or on behalf of the child;

(iii) veteran's benefits received by or on behalf of the child; and

(iv) any other income of the child, including child support payments made on behalf of the child.

(3) The relative custody assistance payment to be made to the relative custodian shall be a percentage of the net maximum assistance rate calculated in clause (2) based upon the gross income of the relative custodian's family, including the child for whom the relative custodian has permanent legal and physical custody. In no case shall the amount of the relative custody assistance payment exceed that which the child could qualify for under the adoption assistance program if an adoption assistance agreement were entered on the child's behalf. The relative custody assistance payment shall be calculated as follows:

(i) if the relative custodian's gross family income is less than or equal to 200 percent of federal poverty guidelines, the relative custody assistance payment shall be the full amount of the net maximum assistance rate;

(ii) if the relative custodian's gross family income is greater than 200 percent and less than or equal to 225 percent of federal poverty guidelines, the relative custody assistance payment shall be 80 percent of the net maximum assistance rate;

(iii) if the relative custodian's gross family income is greater than 225 percent and less than or equal to 250 percent of federal poverty guidelines, the relative custody assistance payment shall be 60 percent of the net maximum assistance rate;

(iv) if the relative custodian's gross family income is greater than 250 percent and less than or equal to 275 percent of federal poverty guidelines, the relative custody assistance payment shall be 40 percent of the net maximum assistance rate;

(v) if the relative custodian's gross family income is greater than 275 percent and less than or equal to 300 percent of federal poverty guidelines, the relative custody assistance payment shall be 20 percent of the net maximum assistance rate; or

(vi) if the relative custodian's gross family income is greater than 300 percent of federal poverty guidelines, no relative custody assistance payment shall be made.

(b) ~~This paragraph specifies the provisions pertaining to the relationship between relative custody assistance and AFDC, MFIP-S, or other MFIP programs~~ The following provisions cover the relationship between relative custody assistance and assistance programs:

(1) The relative custodian of a child for whom the relative custodian is receiving relative custody assistance is expected to seek whatever assistance is available for the child through ~~the AFDC,~~ MFIP-S~~,~~ or ~~other MFIP~~, if the relative custodian resides in a state other than Minnesota, or similar programs of that state. If a relative custodian fails to apply for assistance through ~~AFDC,~~ MFIP-S~~,~~ or other ~~MFIP~~ program for which the child is eligible, the child's portion of the ~~AFDC or~~ MFIP standard will be calculated as if application had been made and assistance received~~;~~.

(2) The portion of the ~~AFDC or~~ MFIP standard relating to each child for whom relative custody assistance is being received shall be calculated as follows:

(i) determine the total ~~AFDC or~~ MFIP standard for the assistance unit;

(ii) determine the amount that the ~~AFDC or~~ MFIP standard would have been if the assistance unit had not included the children for whom relative custody assistance is being received;

(iii) subtract the amount determined in item (ii) from the amount determined in item (i); and

(iv) divide the result in item (iii) by the number of children for whom relative custody assistance is being received that are part of the assistance unit~~; or~~.

(3) If a child for whom relative custody assistance is being received is not eligible for assistance through ~~the AFDC,~~ MFIP-S~~,~~ or ~~other MFIP~~ similar programs of another state, the portion of ~~AFDC or~~ MFIP standard relating to that child shall be equal to zero.

Sec. 19. Minnesota Statutes 1998, section 257.85, subdivision 9, is amended to read:

Subd. 9. [RIGHT OF APPEAL.] A relative custodian who enters or seeks to enter into a relative custody assistance agreement with a local agency has the right to appeal to the commissioner according to section 256.045 when the local agency establishes, denies, terminates, or modifies the agreement. Upon appeal, the commissioner may review only:

(1) whether the local agency has met the legal requirements imposed by this chapter for establishing, denying, terminating, or modifying the agreement;

(2) whether the amount of the relative custody assistance payment was correctly calculated under the method in subdivision 7;

(3) whether the local agency paid for correct time periods under the relative custody assistance agreement;

(4) whether the child remains in the physical custody of the relative custodian;

(5) whether the local agency correctly ~~calculated~~ modified the amount of the supplemental assistance rate based on a change in the child's physical, mental, emotional, or behavioral needs, or based on the relative custodian's failure to ~~document~~ provide documentation, after the local agency has requested such documentation, that the ~~continuing need for the supplemental assistance rate after the local agency has requested such documentation~~ child continues to have physical, mental, emotional, or behavioral needs that support the current amount of relative custody assistance; and

(6) whether the local agency correctly ~~calculated~~ modified or terminated the amount of relative custody assistance based on a change in the gross income of the relative custodian's family or based on the relative custodian's failure to provide documentation of the gross income of the relative custodian's family after the local agency has requested such documentation.

Sec. 20. Minnesota Statutes 1998, section 257.85, subdivision 11, is amended to read:

Subd. 11. [FINANCIAL CONSIDERATIONS.] (a) Payment of relative custody assistance under a relative custody assistance agreement is subject to the availability of state funds and payments may be reduced or suspended on order of the commissioner if insufficient funds are available.

(b) Upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians. The local agency may not seek and the commissioner shall not provide reimbursement for the administrative costs associated with performing the duties described in subdivision 4.

(c) For the purposes of determining eligibility or payment amounts under ~~the AFDC,~~ MFIP-S, ~~and other MFIP programs,~~ relative custody assistance payments shall be ~~considered~~ excluded in determining the family's available income.

Sec. 21. Minnesota Statutes 1998, section 259.29, subdivision 2, is amended to read:

Subd. 2. [PLACEMENT WITH RELATIVE ~~OR,~~ FRIEND, OR MARRIED COUPLE.] The authorized child-placing agency shall consider placement, consistent with the child's best interests and in the following order, with (1) a relative or relatives of the child, ~~or~~ (2) an important friend with whom the child has resided or had significant contact, or (3) a married couple. In implementing this section, an authorized child-placing agency may disclose private or confidential data, as defined in section 13.02, to relatives of the child for the purpose of locating a suitable adoptive home. The agency shall disclose only data that is necessary to facilitate implementing the preference.

If the child's birth parent or parents explicitly request that placement with relatives or important friends not be considered, the authorized child-placing agency shall honor that request consistent with the best interests of the child.

If the child's birth parent or parents express a preference for placing the child in an adoptive home of the same or a similar religious background to that of the birth parent or parents, the agency shall place the child with a family that meets the birth parent's religious preference.

This subdivision does not affect the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923, and the Minnesota Indian Family Preservation Act, sections 257.35 to 257.3579.

Sec. 22. Minnesota Statutes 1998, section 259.67, subdivision 6, is amended to read:

Subd. 6. [RIGHT OF APPEAL.] (a) The adoptive parents have the right to appeal to the commissioner pursuant to section 256.045, when the commissioner denies, discontinues, or modifies the agreement.

(b) Adoptive parents who believe that their adopted child was incorrectly denied adoption assistance, or who did not seek adoption assistance on the child's behalf because of being provided with inaccurate or insufficient information about the child or the adoption assistance program, may request a hearing under section 256.045. Notwithstanding subdivision 2, the purpose of the hearing shall be to determine whether, under standards established by the federal Department of Health and Human Services, the circumstances surrounding the child's adoption warrant making an adoption assistance agreement on behalf of the child after the final decree of adoption has been issued. The commissioner shall enter into an adoption assistance agreement on the child's behalf if it is determined that:

(1) at the time of the adoption and at the time the request for a hearing was submitted the child was eligible for adoption assistance under United States Code, title 42, chapter 7, subchapter IV, part E, sections 670 to 679a, at the time of the adoption ~~and at the time the request for a hearing was submitted but, because of extenuating circumstances, did not receive~~ or for state funded adoption assistance under subdivision 4; and

(2) an adoption assistance agreement was not entered into on behalf of the child before the final decree of adoption because of extenuating circumstances as the term is used in the standards established by the federal Department of Health and Human Services. An adoption assistance agreement made under this paragraph shall be effective the date the request for a hearing was received by the commissioner or the local agency.

Sec. 23. Minnesota Statutes 1998, section 259.67, subdivision 7, is amended to read:

Subd. 7. [REIMBURSEMENT OF COSTS.] (a) Subject to rules of the commissioner, and the provisions of this subdivision a ~~Minnesota-licensed~~ child-placing agency licensed in Minnesota or any other state, or local social services agency shall receive a reimbursement from the commissioner equal to 100 percent of the reasonable and appropriate cost of providing adoption services for a child certified as eligible for adoption assistance under subdivision 4. Such assistance may include adoptive family recruitment, counseling, and special training when needed. A ~~Minnesota-licensed~~ child-placing agency licensed in Minnesota or any other state shall receive reimbursement for adoption services it purchases for or directly provides to an eligible child. A local social services agency shall receive such reimbursement only for adoption services it purchases for an eligible child.

(b) A ~~Minnesota-licensed~~ child-placing agency licensed in Minnesota or any other state or local social services agency seeking reimbursement under this subdivision shall enter into a reimbursement agreement with the commissioner before providing adoption services for which reimbursement is sought. No reimbursement under this subdivision shall be made to an agency for services provided prior to entering a reimbursement agreement. Separate reimbursement agreements shall be made for each child and separate records shall be kept on each child for whom a reimbursement agreement is made. Funds encumbered and obligated under such an agreement for the child remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(c) When a local social services agency uses a purchase of service agreement to provide services reimbursable under a reimbursement agreement, the commissioner may make reimbursement payments directly to the agency providing the service if direct reimbursement is specified by the purchase of service agreement, and if the request for reimbursement is submitted by the local social services agency along with a verification that the service was provided.

Sec. 24. Minnesota Statutes 1998, section 259.73, is amended to read:

259.73 [REIMBURSEMENT OF NONRECURRING ADOPTION EXPENSES.]

The commissioner of human services shall provide reimbursement of up to $2,000 to the adoptive parent or parents for costs incurred in adopting a child with special needs. The commissioner shall determine the child's eligibility for adoption expense reimbursement under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676. To be reimbursed, costs must be reasonable, necessary, and directly related to the legal adoption of the child.

Sec. 25. Minnesota Statutes 1998, section 259.85, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY CRITERIA.] A child may be certified by the local social ~~service~~ services agency as eligible for a postadoption service grant after a final decree of adoption ~~and before the child's 18th birthday~~ if:

~~(a)~~ (1) the child was a ward of the commissioner or a Minnesota licensed child-placing agency before adoption;

~~(b)~~ (2) the child had special needs at the time of adoption. For the purposes of this section, "special needs" means a child who had a physical, mental, emotional, or behavioral disability at the time of an adoption or has a preadoption background to which the current development of such disabilities can be attributed; ~~and~~

~~(c)~~ (3) the adoptive parents have exhausted all other available resources. Available resources include public income support programs, medical assistance, health insurance coverage, services available through community resources, and any other private or public benefits or resources available to the family or to the child to meet the child's special needs; and

(4) the child is under 18 years of age, or if the child is under 22 years of age and remains dependent on the adoptive parent or parents for care and financial support and is enrolled in a secondary education program as a full-time student.

Sec. 26. Minnesota Statutes 1998, section 259.85, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION STATEMENT.] The local social ~~service~~ services agency shall certify a child's eligibility for a postadoption service grant in writing to the commissioner. The certification statement shall include:

(1) a description and history of the special needs upon which eligibility is based; ~~and~~

(2) separate certification for each of the eligibility criteria under subdivision 2, that the criteria are met; and

(3) applicable supporting documentation including:

(i) the child's individual service plan;

(ii) medical, psychological, or special education evaluations;

(iii) documentation that all other resources have been exhausted; and

(iv) an estimate of the costs necessary to meet the special needs of the child.

Sec. 27. Minnesota Statutes 1998, section 259.85, subdivision 5, is amended to read:

Subd. 5. [GRANT PAYMENTS.] The amount of the postadoption service grant payment shall be based on the special needs of the child and the determination that other resources to meet those special needs are not available. The amount of any grant payments shall be based on the severity of the child's disability and the effect of the disability on the family and must not exceed $10,000 annually. Adoptive parents are eligible for grant payments until their child's 18th birthday, or if the child is under 22 years of age and remains dependent on the adoptive parent or parents for care and financial support and is enrolled in a secondary education program as a full-time student.

Permissible expenses that may be paid from grants shall be limited to:

(1) medical expenses not covered by the family's health insurance or medical assistance;

(2) therapeutic expenses, including individual and family therapy; and

(3) nonmedical services, items, or equipment required to meet the special needs of the child.

The grants under this section shall not be used for maintenance for out-of-home placement of the child in substitute care.

Sec. 28. Minnesota Statutes 1998, section 259.89, is amended by adding a subdivision to read:

Subd. 6. [DETERMINATION OF ELIGIBILITY FOR ENROLLMENT OR MEMBERSHIP IN A FEDERALLY RECOGNIZED AMERICAN INDIAN TRIBE.] The state registrar shall provide a copy of an adopted person's original birth certificate to an authorized representative of a federally recognized American Indian tribe for the sole purpose of determining the adopted person's eligibility for enrollment or membership in the tribe.

Sec. 29. Minnesota Statutes 1998, section 260.012, is amended to read:

260.012 [DUTY TO ENSURE PLACEMENT PREVENTION AND FAMILY REUNIFICATION; REASONABLE EFFORTS.]

(a) ~~If~~ Once a child alleged to be in need of protection or services is under the court's jurisdiction, the court shall ensure that reasonable efforts including culturally appropriate services by the social ~~service~~ services agency are made to prevent placement or to eliminate the need for removal and to reunite the child with the child's family at the earliest possible time, consistent with the best interests, safety, and protection of the child. ~~The court may, upon motion and hearing, order the cessation of reasonable efforts if the court finds that provision of services or further services for the purpose of rehabilitation and reunification is futile and therefore unreasonable under the circumstances.~~ In determining reasonable efforts to be made with respect to a child and in making those reasonable efforts, the child's health and safety must be of paramount concern. Reasonable efforts for rehabilitation and reunification are not required ~~if~~ upon a determination by the court ~~determines~~ that:

(1) a termination of parental rights petition has been filed stating a prima facie case that:

(i) the parent has subjected ~~the~~ a child to egregious harm as defined in section 260.015, subdivision 29~~, or~~;

(ii) the parental rights of the parent to ~~a sibling~~ another child have been terminated involuntarily; or

(iii) the child is an abandoned infant under section 260.221, subdivision 1a, paragraph (a), clause (2);

(2) the county attorney has filed a determination not to proceed with a termination of parental rights petition on these grounds was made under section 260.221, subdivision 1b, paragraph (b), and a permanency hearing is held within 30 days of the determination~~.~~; or

(3) a termination of parental rights petition or other petition according to section 260.191, subdivision 3b, has been filed alleging a prima facie case that the provision of services or further services for the purpose of reunification is futile and therefore unreasonable under the circumstances.

In the case of an Indian child, in proceedings under sections 260.172, 260.191, and 260.221 the juvenile court must make findings and conclusions consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901 et seq., as to the provision of active efforts. If a child is under the court's delinquency jurisdiction, it shall be the duty of the court to ensure that reasonable efforts are made to reunite the child with the child's family at the earliest possible time, consistent with the best interests of the child and the safety of the public.

(b) "Reasonable efforts" means the exercise of due diligence by the responsible social ~~service~~ services agency to use appropriate and available services to meet the needs of the child and the child's family in order to prevent removal of the child from the child's family; or upon removal, services to eliminate the need for removal and reunite the family.

(1) Services may include those listed under section 256F.07, subdivision 3, and other appropriate services available in the community.

(2) At each stage of the proceedings where the court is required to review the appropriateness of the responsible social services agency's reasonable efforts, the social ~~service~~ services agency has the burden of demonstrating that it has made reasonable efforts, or that provision of services or further services for the purpose of rehabilitation and reunification is futile and therefore unreasonable under the circumstances. or that reasonable efforts aimed at reunification are not required under this section. The agency may meet this burden by stating facts in a sworn petition filed under section 260.131, or by filing an affidavit summarizing the agency's reasonable efforts or facts the agency believes demonstrate there is no need for reasonable efforts to reunify the parent and child.

(3) No reasonable efforts for reunification are required when the court makes a determination under paragraph (a) unless, after a hearing according to section 260.155, the court finds there is not clear and convincing evidence of the facts upon which the court based its prima facie determination. In this case, the court may proceed under section 260.235.

Reunification of a surviving child with a parent is not required if the parent has been convicted of:

~~(1)~~ (i) a violation of, or an attempt or conspiracy to commit a violation of, sections 609.185 to 609.20; 609.222, subdivision 2; or 609.223 in regard to another child of the parent;

~~(2)~~ (ii) a violation of section 609.222, subdivision 2; or 609.223, in regard to the surviving child; or

~~(3)~~ (iii) a violation of, or an attempt or conspiracy to commit a violation of, United States Code, title 18, section 1111(a) or 1112(a), in regard to another child of the parent.

(c) The juvenile court, in proceedings under sections 260.172, 260.191, and 260.221 shall make findings and conclusions as to the provision of reasonable efforts. When determining whether reasonable efforts have been made, the court shall consider whether services to the child and family were:

(1) relevant to the safety and protection of the child;

(2) adequate to meet the needs of the child and family;

(3) culturally appropriate;

(4) available and accessible;

(5) consistent and timely; and

(6) realistic under the circumstances.

In the alternative, the court may determine that provision of services or further services for the purpose of rehabilitation is futile and therefore unreasonable under the circumstances or that reasonable efforts are not required as provided in paragraph (a).

(d) This section does not prevent out-of-home placement for treatment of a child with a mental disability when the child's diagnostic assessment or individual treatment plan indicates that appropriate and necessary treatment cannot be effectively provided outside of a residential or inpatient treatment program.

(e) If continuation of reasonable efforts described in paragraph (b) is determined by the court to be inconsistent with the ~~permanency~~ permanent plan for the child, or upon a determination under paragraph (a), reasonable efforts must be made to place the child in a timely manner in accordance with the ~~permanency~~ permanent plan ordered by the court and to complete whatever steps are necessary to finalize the ~~permanency~~ permanent plan for the child.

(f) Reasonable efforts to place a child for adoption or in another permanent placement may be made concurrently with reasonable efforts as described in paragraphs (a) and (b). When the responsible social services agency decides to concurrently make reasonable efforts for both reunification and permanent placement away from the parent under paragraphs (a) and (b), the agency shall disclose its decision and both plans for concurrent reasonable efforts to all parties and the court. When the agency discloses its decision to proceed on both plans for reunification and permanent placement away from the parent, the court's review of the agency's reasonable efforts shall include the agency's efforts under paragraphs (a) and (b).

Sec. 30. Minnesota Statutes 1998, section 260.015, subdivision 13, is amended to read:

Subd. 13. [RELATIVE.] "Relative" means a parent, stepparent, grandparent, brother, sister, uncle, or aunt of the minor. This relationship may be by blood or marriage. For an Indian child, relative includes members of the extended family as defined by the law or custom of the Indian child's tribe or, in the absence of laws or custom, nieces, nephews, or first or second cousins, as provided in the Indian Child Welfare Act of 1978, United States Code, title 25, section 1903. For purposes of ~~dispositions, relative has the meaning given in section 260.181, subdivision 3.~~ a child in need of protection or services proceedings, termination of parental rights proceedings, and permanency proceedings under section 260.191, subdivision 3b, relative means a person related to the child by blood, marriage, or adoption, or an individual who is an important friend with whom the child has resided or had significant contact.

Sec. 31. Minnesota Statutes 1998, section 260.015, subdivision 29, is amended to read:

Subd. 29. [EGREGIOUS HARM.] "Egregious harm" means the infliction of bodily harm to a child or neglect of a child which demonstrates a grossly inadequate ability to provide minimally adequate parental care. The egregious harm need not have occurred in the state or in the county where a termination of parental rights action is otherwise properly venued. Egregious harm includes, but is not limited to:

(1) conduct towards a child that constitutes a violation of sections 609.185 to 609.21, 609.222, subdivision 2, 609.223, or any other similar law of any other state;

(2) the infliction of "substantial bodily harm" to a child, as defined in section 609.02, subdivision 7a;

(3) conduct towards a child that constitutes felony malicious punishment of a child under section 609.377;

(4) conduct towards a child that constitutes felony unreasonable restraint of a child under section 609.255, subdivision 3;

(5) conduct towards a child that constitutes felony neglect or endangerment of a child under section 609.378;

(6) conduct towards a child that constitutes assault under section 609.221, 609.222, or 609.223;

(7) conduct towards a child that constitutes solicitation, inducement, or promotion of, or receiving profit derived from prostitution under section 609.322;

(8) conduct toward a child that constitutes murder or voluntary manslaughter as defined by United States Code, title 18, section 1111(a) or 1112(a); ~~or~~

(9) conduct toward a child that constitutes aiding or abetting, attempting, conspiring, or soliciting to commit a murder or voluntary manslaughter that constitutes a violation of United States Code, title 18, section 1111(a) or 1112(a); or

(10) conduct toward a child that constitutes criminal sexual conduct under sections 609.342 to 609.345.

Sec. 32. Minnesota Statutes 1998, section 260.131, subdivision 1a, is amended to read:

Subd. 1a. [REVIEW OF FOSTER CARE STATUS.] The social ~~service~~ services agency responsible for the placement of a child in a residential facility, as defined in section 257.071, subdivision 1, pursuant to a voluntary release by the child's parent or parents may bring a petition in juvenile court to review the foster care status of the child in the manner provided in this section. The responsible social services agency shall file either a petition alleging the child to be in need of protection or services or a petition to terminate parental rights or other permanency petition under section 260.191, subdivision 3b.

(a) In the case of a child in voluntary placement according to section 257.071, subdivision 3, the petition shall be filed within 90 days of the date of the voluntary placement agreement and shall state the reasons why the child is in placement, the progress on the case plan required under section 257.071, subdivision 1, and the statutory basis for the petition under section 260.015, subdivision 2a, 260.191, subdivision 3b, or 260.221.

(1) In the case of a petition filed under this paragraph, if all parties agree and the court finds it is in the best interests of the child, the court may find the petition states a prima facie case that:

(i) the child's needs are being met;

(ii) the placement of the child in foster care is in the best interests of the child; and

(iii) the child will be returned home in the next six months.

(2) If the court makes findings under paragraph (a), clause (1), the court shall approve the voluntary arrangement and continue the matter for up to six more months to ensure the child returns to the parents' home. The responsible social services agency shall:

(i) report to the court when the child returns home and the progress made by the parent on the case plan required under section 257.071, in which case the court shall dismiss jurisdiction;

(ii) report to the court that the child has not returned home, in which case the matter shall be returned to the court for further proceedings under section 260.155; or

(iii) if any party does not agree to continue the matter under paragraph (a), clause (1), and this paragraph, the matter shall proceed under section 260.155.

(b) In the case of a child in voluntary placement according to section 257.071, subdivision 4, the petition shall be filed within six months of the date of the voluntary placement agreement and shall state the date of the voluntary placement agreement, the nature of the child's developmental delay or emotional handicap, the plan for the ongoing care of the child, the parents' participation in the plan, and the statutory basis for the petition.

(1) In the case of petitions filed under this paragraph, the court may find, based on the contents of the sworn petition, and the agreement of all parties, including the child, where appropriate, that the voluntary arrangement is in the best interests of the child, approve the voluntary arrangement, and dismiss the matter from further jurisdiction. The court shall give notice to the responsible social services agency that the matter must be returned to the court for further review if the child remains in placement after 12 months.

(2) If any party, including the child, disagrees with the voluntary arrangement, the court shall proceed under section 260.155.

Sec. 33. Minnesota Statutes 1998, section 260.133, subdivision 1, is amended to read:

Subdivision 1. [PETITION.] The local welfare agency may bring an emergency petition on behalf of minor family or household members seeking relief from acts of domestic child abuse. The petition shall be brought according to section 260.131 and shall allege the existence of or immediate and present danger of domestic child abuse~~, and shall~~

~~be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought~~. The court has jurisdiction over the parties to a domestic child abuse matter notwithstanding that there is a parent in the child's household who is willing to enforce the court's order and accept services on behalf of the family.

Sec. 34. Minnesota Statutes 1998, section 260.135, is amended by adding a subdivision to read:

Subd. 1a. [NOTICE.] After a petition has been filed alleging a child to be in need of protection or services and unless the persons named in clauses (1) to (4) voluntarily appear or are summoned according to subdivision 1, the court shall issue a notice to:

(1) an adjudicated or presumed father of the child;

(2) an alleged father of the child;

(3) a noncustodial mother; and

(4) a grandparent with the right to participate under section 260.155, subdivision 1a.

Sec. 35. Minnesota Statutes 1998, section 260.155, subdivision 4, is amended to read:

Subd. 4. [GUARDIAN AD LITEM.] (a) The court shall appoint a guardian ad litem to protect the interests of the minor when it appears, at any stage of the proceedings, that the minor is without a parent or guardian, or that the minor's parent is a minor or incompetent, or that the parent or guardian is indifferent or hostile to the minor's interests, and in every proceeding alleging a child's need for protection or services under section 260.015, subdivision 2a. In any other case the court may appoint a guardian ad litem to protect the interests of the minor when the court feels that such an appointment is desirable. The court shall appoint the guardian ad litem on its own motion or in the manner provided for the appointment of a guardian ad litem in the district court. The court may appoint separate counsel for the guardian ad litem if necessary.

(b) A guardian ad litem shall carry out the following responsibilities:

(1) conduct an independent investigation to determine the facts relevant to the situation of the child and the family, which must include, unless specifically excluded by the court, reviewing relevant documents; meeting with and observing the child in the home setting and considering the child's wishes, as appropriate; and interviewing parents, caregivers, and others with knowledge relevant to the case;

(2) advocate for the child's best interests by participating in appropriate aspects of the case and advocating for appropriate community services when necessary;

(3) maintain the confidentiality of information related to a case, with the exception of sharing information as permitted by law to promote cooperative solutions that are in the best interests of the child;

(4) monitor the child's best interests throughout the judicial proceeding; and

(5) present written reports on the child's best interests that include conclusions and recommendations and the facts upon which they are based.

(c) Except in cases where the child is alleged to have been abused or neglected, the court may waive the appointment of a guardian ad litem pursuant to clause (a), whenever counsel has been appointed pursuant to subdivision 2 or is retained otherwise, and the court is satisfied that the interests of the minor are protected.

(d) In appointing a guardian ad litem pursuant to clause (a), the court shall not appoint the party, or any agent or employee thereof, filing a petition pursuant to section 260.131.

(e) The following factors shall be considered when appointing a guardian ad litem in a case involving an Indian or minority child:

(1) whether a person is available who is the same racial or ethnic heritage as the child or, if that is not possible;

(2) whether a person is available who knows and appreciates the child's racial or ethnic heritage.

Sec. 36. Minnesota Statutes 1998, section 260.155, subdivision 8, is amended to read:

Subd. 8. [WAIVER.] (a) Waiver of any right which a child has under this chapter must be an express waiver voluntarily and intelligently made by the child after the child has been fully and effectively informed of the right being waived. ~~If a child is not represented by counsel, any waiver must be given or any objection must be offered by the child's guardian ad litem.~~

(b) Waiver of a child's right to be represented by counsel provided under the juvenile court rules must be an express waiver voluntarily and intelligently made by the child after the child has been fully and effectively informed of the right being waived. In determining whether a child has voluntarily and intelligently waived the right to counsel, the court shall look to the totality of the circumstances which includes but is not limited to the child's age, maturity, intelligence, education, experience, and ability to comprehend, and the presence and competence of the child's parents, guardian, or guardian ad litem. If the court accepts the child's waiver, it shall state on the record the findings and conclusions that form the basis for its decision to accept the waiver.

Sec. 37. Minnesota Statutes 1998, section 260.172, subdivision 1, is amended to read:

Subdivision 1. [HEARING AND RELEASE REQUIREMENTS.] (a) If a child was taken into custody under section 260.165, subdivision 1, clause (a) or (c)(2), the court shall hold a hearing within 72 hours of the time the child was taken into custody, excluding Saturdays, Sundays, and holidays, to determine whether the child should continue in custody.

(b) In all other cases, the court shall hold a detention hearing:

(1) within 36 hours of the time the child was taken into custody, excluding Saturdays, Sundays, and holidays, if the child is being held at a juvenile secure detention facility or shelter care facility; or

(2) within 24 hours of the time the child was taken into custody, excluding Saturdays, Sundays, and holidays, if the child is being held at an adult jail or municipal lockup.

(c) Unless there is reason to believe that the child would endanger self or others, not return for a court hearing, run away from the child's parent, guardian, or custodian or otherwise not remain in the care or control of the person to whose lawful custody the child is released, or that the child's health or welfare would be immediately endangered, the child shall be released to the custody of a parent, guardian, custodian, or other suitable person, subject to reasonable conditions of release including, but not limited to, a requirement that the child undergo a chemical use assessment as provided in section 260.151, subdivision 1. In determining whether the child's health or welfare would be immediately endangered, the court shall consider whether the child would reside with a perpetrator of domestic child abuse. In a proceeding regarding a child in need of protection or services, the court, before determining whether a child should continue in custody, shall also make a determination, consistent with section 260.012 as to whether reasonable efforts, or in the case of an Indian child, active efforts, according to the Indian Child Welfare Act of 1978, United States Code, title 25, section 1912(d), were made to prevent placement or to reunite the child with the child's family, or that reasonable efforts were not possible. The court shall also determine whether there are available services that would prevent the need for further detention.

If the court finds the social services agency's preventive or reunification efforts have not been reasonable but further preventive or reunification efforts could not permit the child to safely remain at home, the court may nevertheless authorize or continue the removal of the child.

~~The court may determine~~ (d) At the detention hearing, or at any time prior to an adjudicatory hearing~~, that reasonable efforts are not required because the facts, if proved, will demonstrate that the parent has subjected the child to egregious harm as defined in section 260.015, subdivision 29, or the parental rights of the parent to a sibling of the child have been terminated involuntarily.~~ and upon notice and request of the county attorney, the court shall make the following determinations:

(1) whether a termination of parental rights petition has been filed stating a prima facie case that:

(i) the parent has subjected a child to egregious harm as defined in section 260.015, subdivision 29;

(ii) the parental rights of the parent to another child have been involuntarily terminated; or

(iii) the child is an abandoned infant under section 260.221, subdivision 1a, paragraph (a), clause (2);

(2) that the county attorney has determined not to proceed with a termination of parental rights petition under section 260.221, subdivision 1b; or

(3) whether a termination of parental rights petition or other petition according to section 260.191, subdivision 3b, has been filed alleging a prima facie case that the provision of services or further services for the purpose of rehabilitation and reunification is futile and therefore unreasonable under the circumstances.

If the court determines that the county attorney is not proceeding with a termination of parental rights petition under section 260.221, subdivision 1b, but is proceeding with a petition under section 260.191, subdivision 3b, the court shall schedule a permanency hearing within 30 days. If the county attorney has filed a petition under section 260.221, subdivision 1b, the court shall schedule a trial under section 260.155 within 90 days of the filing of the petition except when the county attorney determines that the criminal case shall proceed to trial first under section 260.191, subdivision 1b.

(e) If the court determines the child should be ordered into out-of-home placement and the child's parent refuses to give information to the responsible social services agency regarding the child's father or relatives of the child, the court may order the parent to disclose the names, addresses, telephone numbers, and other identifying information to the local social services agency for the purpose of complying with the requirements of sections 257.071, 257.072, and 260.135.

Sec. 38. Minnesota Statutes 1998, section 260.172, is amended by adding a subdivision to read:

Subd. 5. [CASE PLAN.] (a) A case plan required under section 257.071 shall be filed with the court within 30 days of the filing of a petition alleging the child to be in need of protection or services under section 260.131.

(b) Upon the filing of the case plan, the court may approve the case plan based on the allegations contained in the petition. A parent may agree to comply with the terms of the case plan filed with the court.

(c) Upon notice and motion by a parent who agrees to comply with the terms of a case plan, the court may modify the case and order the responsible social services agency to provide other or additional services for reunification, if reunification efforts are required, and the court determines the agency's case plan inadequate under section 260.012.

(d) Unless the parent agrees to comply with the terms of the case plan, the court may not order a parent to comply with the provisions of the case plan until the court makes a determination under section 260.191, subdivision 1.

Sec. 39. Minnesota Statutes 1998, section 260.181, subdivision 3, is amended to read:

Subd. 3. [PROTECTION OF CHILD'S BEST INTERESTS.] (a) The policy of the state is to ensure that the best interests of children are met by requiring individualized determinations of the needs of the child and of how the selected placement will serve the needs of the child in foster care placements.

(b) Among the factors to be considered in determining the needs of the child are:

(1) the child's current functioning and behaviors;

(2) the medical, educational, and developmental needs of the child;

(3) the child's history and past experience;

(4) the child's religious and cultural needs;

(5) the child's connection with a community, school, and church;

(6) the child's interests and talents;

(7) the child's relationship to current caretakers, parents, siblings, and relatives; and

(8) the reasonable preference of the child, if the court, or in the case of a voluntary placement the child-placing agency, deems the child to be of sufficient age to express preferences.

(c) The court, in transferring legal custody of any child or appointing a guardian for the child under the laws relating to juvenile courts, shall consider placement, consistent with the child's best interests and in the following order, in the legal custody or guardianship of an individual who (1) is related to the child by blood, marriage, or adoption, ~~or~~ (2) is an important friend with whom the child has resided or had significant contact, or (3) a married couple. Placement of a child cannot be delayed or denied based on race, color, or national origin of the foster parent or the child. Whenever possible, siblings should be placed together unless it is determined not to be in the best interests of a sibling.

(d) If the child's birth parent or parents explicitly request that a relative or important friend not be considered, the court shall honor that request if it is consistent with the best interests of the child.

If the child's birth parent or parents express a preference for placing the child in a foster or adoptive home of the same or a similar religious background to that of the birth parent or parents, the court shall order placement of the child with an individual who meets the birth parent's religious preference.

(e) This subdivision does not affect the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923, and the Minnesota Indian Family Preservation Act, sections 257.35 to 257.3579.

Sec. 40. Minnesota Statutes 1998, section 260.191, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITIONS.] (a) If the court finds that the child is in need of protection or services or neglected and in foster care, it shall enter an order making any of the following dispositions of the case:

(1) place the child under the protective supervision of the local social services agency or child-placing agency in the ~~child's own~~ home of a parent of the child under conditions prescribed by the court directed to the correction of the child's need for protection or services~~;~~, or:

(i) the court may order the child into the home of a parent who does not otherwise have legal custody of the child, however, an order under this section does not confer legal custody on that parent;

(ii) if the court orders the child into the home of a father who is not adjudicated, he must cooperate with paternity establishment proceedings regarding the child in the appropriate jurisdiction as one of the conditions prescribed by the court for the child to continue in his home;

(iii) the court may order the child into the home of a noncustodial parent with conditions and may also order both the noncustodial and the custodial parent to comply with the requirements of a case plan under subdivision 1a;

(2) transfer legal custody to one of the following:

(i) a child-placing agency; or

(ii) the local social services agency.

In placing a child whose custody has been transferred under this paragraph, the agencies shall follow the ~~order of preference stated in~~ requirements of section 260.181, subdivision 3;

(3) if the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails or is unable to provide this treatment or care, the court may order it provided. The court shall not transfer legal custody of the child for the purpose of obtaining special treatment or care solely because the parent is unable to provide the treatment or care. If the court's order for mental health treatment is based on a diagnosis made by a treatment professional, the court may order that the diagnosing professional not provide the treatment to the child if it finds that such an order is in the child's best interests; or

(4) if the court believes that the child has sufficient maturity and judgment and that it is in the best interests of the child, the court may order a child 16 years old or older to be allowed to live independently, either alone or with others as approved by the court under supervision the court considers appropriate, if the county board, after consultation with the court, has specifically authorized this dispositional alternative for a child.

(b) If the child was adjudicated in need of protection or services because the child is a runaway or habitual truant, the court may order any of the following dispositions in addition to or as alternatives to the dispositions authorized under paragraph (a):

(1) counsel the child or the child's parents, guardian, or custodian;

(2) place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court, including reasonable rules for the child's conduct and the conduct of the parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child; or with the consent of the commissioner of corrections, place the child in a group foster care facility which is under the commissioner's management and supervision;

(3) subject to the court's supervision, transfer legal custody of the child to one of the following:

(i) a reputable person of good moral character. No person may receive custody of two or more unrelated children unless licensed to operate a residential program under sections 245A.01 to 245A.16; or

(ii) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(4) require the child to pay a fine of up to $100. The court shall order payment of the fine in a manner that will not impose undue financial hardship upon the child;

(5) require the child to participate in a community service project;

(6) order the child to undergo a chemical dependency evaluation and, if warranted by the evaluation, order participation by the child in a drug awareness program or an inpatient or outpatient chemical dependency treatment program;

(7) if the court believes that it is in the best interests of the child and of public safety that the child's driver's license or instruction permit be canceled, the court may order the commissioner of public safety to cancel the child's license or permit for any period up to the child's 18th birthday. If the child does not have a driver's license or permit, the court may order a denial of driving privileges for any period up to the child's 18th birthday. The court shall forward an order issued under this clause to the commissioner, who shall cancel the license or permit or deny driving privileges without a hearing for the period specified by the court. At any time before the expiration of the period of cancellation or denial, the court may, for good cause, order the commissioner of public safety to allow the child to apply for a license or permit, and the commissioner shall so authorize;

(8) order that the child's parent or legal guardian deliver the child to school at the beginning of each school day for a period of time specified by the court; or

(9) require the child to perform any other activities or participate in any other treatment programs deemed appropriate by the court.

To the extent practicable, the court shall enter a disposition order the same day it makes a finding that a child is in need of protection or services or neglected and in foster care, but in no event more than 15 days after the finding unless the court finds that the best interests of the child will be served by granting a delay. If the child was under eight years of age at the time the petition was filed, the disposition order must be entered within ten days of the finding and the court may not grant a delay unless good cause is shown and the court finds the best interests of the child will be served by the delay.

(c) If a child who is 14 years of age or older is adjudicated in need of protection or services because the child is a habitual truant and truancy procedures involving the child were previously dealt with by a school attendance review board or county attorney mediation program under section 260A.06 or 260A.07, the court shall order a cancellation or denial of driving privileges under paragraph (b), clause (7), for any period up to the child's 18th birthday.

(d) In the case of a child adjudicated in need of protection or services because the child has committed domestic abuse and been ordered excluded from the child's parent's home, the court shall dismiss jurisdiction if the court, at any time, finds the parent is able or willing to provide an alternative safe living arrangement for the child, as defined in Laws 1997, chapter 239, article 10, section 2.

Sec. 41. Minnesota Statutes 1998, section 260.191, subdivision 3b, is amended to read:

Subd. 3b. [REVIEW OF COURT ORDERED PLACEMENTS; PERMANENT PLACEMENT DETERMINATION.] (a) Except for cases where the child is in placement due solely to the child's status as developmentally delayed under United States Code, title 42, section 6001(7), or emotionally handicapped under section 252.27, and where custody has not been transferred to the responsible social services agency, the court shall conduct a hearing to determine the permanent status of a child not later than 12 months after the child is placed out of the home of the parent, except that if the child was under eight years of age at the time the petition was filed, the hearing must be conducted no later than six months after the child is placed out of the home of the parent.

For purposes of this subdivision, the date of the child's placement out of the home of the parent is the earlier of the first court-ordered placement or 60 days after the date on which the child has been voluntarily placed out of the home.

For purposes of this subdivision, 12 months is calculated as follows:

(1) during the pendency of a petition alleging that a child is in need of protection or services, all time periods when a child is placed out of the home of the parent are cumulated;

(2) if a child has been placed out of the home of the parent within the previous five years ~~in connection with one or more prior petitions for a child in need of protection or services~~, the lengths of all prior time periods when the child was placed out of the home within the previous five years ~~and under the current petition,~~ are cumulated. If a

child under this clause has been out of the home for 12 months or more, the court, if it is in the best interests of the child and for compelling reasons, may extend the total time the child may continue out of the home under the current petition up to an additional six months before making a permanency determination.

(b) Unless the responsible social services agency recommends return of the child to the custodial parent or parents, not later than ~~ten~~ 30 days prior to this hearing, the responsible social ~~service~~ services agency shall file pleadings in juvenile court to establish the basis for the juvenile court to order permanent placement ~~determination~~ of the child according to paragraph (d). Notice of the hearing and copies of the pleadings must be provided pursuant to section 260.141. If a termination of parental rights petition is filed before the date required for the permanency planning determination, and there is a trial under section 260.155 scheduled on that petition within 90 days of the filing of the petition, no hearing need be conducted under this subdivision.

(c) At the conclusion of the hearing, the court shall ~~determine whether~~ order the child ~~is to be~~ returned home or~~, if not, what~~ order a permanent placement ~~is consistent with~~ in the child's best interests. The "best interests of the child" means all relevant factors to be considered and evaluated.

~~(c)~~ (d) At a hearing under this subdivision, if the child was under eight years of age at the time the petition was filed alleging the child in need of protection or services, the court shall review the progress of the case and the case plan, including the provision of services. The court may order the local social ~~service~~ services agency to show cause why it should not file a termination of parental rights petition. Cause may include, but is not limited to, the following conditions:

(1) the parents or guardians have maintained regular contact with the child, the parents are complying with the court-ordered case plan, and the child would benefit from continuing this relationship;

(2) grounds for termination under section 260.221 do not exist; or

(3) the permanent plan for the child is transfer of permanent legal and physical custody to a relative. When the permanent plan for the child is transfer of permanent legal and physical custody to a relative, a petition supporting the plan shall be filed in juvenile court within 30 days of the hearing required under this subdivision and a hearing on the petition held within 30 days of the filing of the pleadings.

~~(d)~~ (e) If the child is not returned to the home, the court must order one of the following dispositions ~~available for permanent placement determination are~~:

(1) permanent legal and physical custody to a relative in the best interests of the child. In transferring permanent legal and physical custody to a relative, the juvenile court shall follow the standards and procedures applicable under chapter 257 or 518. An order establishing permanent legal or physical custody under this subdivision must be filed with the family court. A transfer of legal and physical custody includes responsibility for the protection, education, care, and control of the child and decision making on behalf of the child. The social ~~service~~ services agency may petition on behalf of the proposed custodian;

(2) termination of parental rights ~~and adoption~~; unless the social ~~service~~ services agency ~~shall file~~ has already filed a petition for termination of parental rights under section 260.231, the court may order such a petition filed and all the requirements of sections 260.221 to 260.245 remain applicable. An adoption completed subsequent to a determination under this subdivision may include an agreement for communication or contact under section 259.58; or

(3) long-term foster care; transfer of legal custody and adoption are preferred permanency options for a child who cannot return home. The court may order a child into long-term foster care only if it finds that neither an award of legal and physical custody to a relative, nor termination of parental rights nor adoption is in the child's best interests. Further, the court may only order long-term foster care for the child under this section if it finds the following:

(i) the child has reached age 12 and reasonable efforts by the responsible social ~~service~~ services agency have failed to locate an adoptive family for the child; or

(ii) the child is a sibling of a child described in clause (i) and the siblings have a significant positive relationship and are ordered into the same long-term foster care home; or

(4) foster care for a specified period of time may be ordered only if:

(i) the sole basis for an adjudication that ~~a~~ the child is in need of protection or services is ~~that the child is a runaway, is an habitual truant, or committed a delinquent act before age ten~~ the child's behavior; and

(ii) the court finds that foster care for a specified period of time is in the best interests of the child.

(e) In ordering a permanent placement of a child, the court must be governed by the best interests of the child, including a review of the relationship between the child and relatives and the child and other important persons with whom the child has resided or had significant contact.

(f) Once a permanent placement determination has been made and permanent placement has been established, further court reviews and dispositional hearings are only necessary if the placement is made under paragraph (d), clause (4), review is otherwise required by federal law, an adoption has not yet been finalized, or there is a disruption of the permanent or long-term placement.

(g) An order under this subdivision must include the following detailed findings:

(1) how the child's best interests are served by the order;

(2) the nature and extent of the responsible social ~~service~~ services agency's reasonable efforts, or, in the case of an Indian child, active efforts, to reunify the child with the parent or parents;

(3) the parent's or parents' efforts and ability to use services to correct the conditions which led to the out-of-home placement; and

(4) whether the conditions which led to the out-of-home placement have been corrected so that the child can return home~~; and~~

~~(5) if the child cannot be returned home, whether there is a substantial probability of the child being able to return home in the next six months~~.

(h) An order for permanent legal and physical custody of a child may be modified under sections 518.18 and 518.185. The social ~~service~~ services agency is a party to the proceeding and must receive notice. An order for long-term foster care is reviewable upon motion and a showing by the parent of a substantial change in the parent's circumstances such that the parent could provide appropriate care for the child and that removal of the child from the child's permanent placement and the return to the parent's care would be in the best interest of the child.

(i) The court shall issue an order required under this section within 15 days of the close of the proceedings. The court may extend issuing the order an additional 15 days when necessary in the interests of justice and the best interests of the child.

Sec. 42. Minnesota Statutes 1998, section 260.192, is amended to read:

260.192 [DISPOSITIONS; VOLUNTARY FOSTER CARE PLACEMENTS.]

Unless the court disposes of the petition under section 260.131, subdivision 1a, upon a petition for review of the foster care status of a child, the court may:

(a) ~~In the case of a petition required to be filed under section 257.071, subdivision 3, find that the child's needs are being met, that the child's placement in foster care is in the best interests of the child, and that the child will be returned home in the next six months, in which case the court shall approve the voluntary arrangement and continue the matter for six months to assure the child returns to the parent's home.~~

~~(b) In the case of a petition required to be filed under section 257.071, subdivision 4, find that the child's needs are being met and that the child's placement in foster care is in the best interests of the child, in which case the court shall approve the voluntary arrangement. The court shall order the social service agency responsible for the placement to bring a petition under section 260.131, subdivision 1 or 1a, as appropriate, within 12 months.~~

~~(c)~~ Find that the child's needs are not being met, in which case the court shall order the social ~~service~~ services agency or the parents to take whatever action is necessary and feasible to meet the child's needs, including, when appropriate, the provision by the social ~~service~~ services agency of services to the parents which would enable the child to live at home, and order a disposition under section 260.191.

~~(d)~~ (b) Find that the child has been abandoned by parents financially or emotionally, or that the developmentally disabled child does not require out-of-home care because of the handicapping condition, in which case the court shall order the social ~~service~~ services agency to file an appropriate petition pursuant to sections 260.131, subdivision 1, or 260.231.

Nothing in this section shall be construed to prohibit bringing a petition pursuant to section 260.131, subdivision 1 or 2, sooner than required by court order pursuant to this section.

Sec. 43. Minnesota Statutes 1998, section 260.221, subdivision 1, is amended to read:

Subdivision 1. [VOLUNTARY AND INVOLUNTARY.] The juvenile court may upon petition, terminate all rights of a parent to a child:

(a) with the written consent of a parent who for good cause desires to terminate parental rights; or

(b) if it finds that one or more of the following conditions exist:

(1) that the parent has abandoned the child;

(2) that the parent has substantially, continuously, or repeatedly refused or neglected to comply with the duties imposed upon that parent by the parent and child relationship, including but not limited to providing the child with necessary food, clothing, shelter, education, and other care and control necessary for the child's physical, mental, or emotional health and development, if the parent is physically and financially able, and either reasonable efforts by the social ~~service~~ services agency have failed to correct the conditions that formed the basis of the petition or reasonable efforts would be futile and therefore unreasonable;

(3) that a parent has been ordered to contribute to the support of the child or financially aid in the child's birth and has continuously failed to do so without good cause. This clause shall not be construed to state a grounds for termination of parental rights of a noncustodial parent if that parent has not been ordered to or cannot financially contribute to the support of the child or aid in the child's birth;

(4) that a parent is palpably unfit to be a party to the parent and child relationship because of a consistent pattern of specific conduct before the child or of specific conditions directly relating to the parent and child relationship either of which are determined by the court to be of a duration or nature that renders the parent unable, for the reasonably foreseeable future, to care appropriately for the ongoing physical, mental, or emotional needs of the child. It is presumed that a parent is palpably unfit to be a party to the parent and child relationship upon a showing that~~:~~

~~(i) the child was adjudicated in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8); and~~

~~(ii)~~ the parent's parental rights to one or more other children were involuntarily terminated ~~under clause (1), (2), (4), or (7), or under clause (5) if the child was initially determined to be in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8)~~;

(5) that following ~~upon a determination of neglect or dependency, or of a child's need for protection or services~~ the child's placement out of the home, reasonable efforts, under the direction of the court, have failed to correct the conditions leading to the ~~determination~~ child's placement. It is presumed that reasonable efforts under this clause have failed upon a showing that:

(i) a child has resided out of the parental home under court order for a cumulative period of ~~more than one year within a five-year period following an adjudication of dependency, neglect, need for protection or services under section 260.015, subdivision 2a, clause (1), (2), (3), (6), (8), or (9), or neglected and in foster care, and an order for disposition under section 260.191, including adoption of the case plan required by section 257.071;~~ 12 months within the preceding 22 months. In the case of a child under age eight at the time the petition was filed alleging the child to be in need of protection or services, the presumption arises when the child has resided out of the parental home under court order for six months unless the parent has maintained regular contact with the child and the parent is complying with the case plan;

(ii) the court has approved a case plan required under section 257.071 and filed with the court under section 260.172;

(iii) conditions leading to the ~~determination will~~ out-of-home placement have not ~~be~~ been corrected ~~within the reasonably foreseeable future~~. It is presumed that conditions leading to a child's out-of-home placement ~~will~~ have not ~~be~~ been corrected ~~in the reasonably foreseeable future~~ upon a showing that the parent or parents have not substantially complied with the court's orders and a reasonable case plan~~, and the conditions which led to the out-of-home placement have not been corrected~~; and

~~(iii)~~ (iv) reasonable efforts have been made by the social ~~service~~ services agency to rehabilitate the parent and reunite the family.

This clause does not prohibit the termination of parental rights prior to one year, or in the case of a child under age eight, within six months after a child has been placed out of the home.

It is also presumed that reasonable efforts have failed under this clause upon a showing that:

~~(i)~~ (A) the parent has been diagnosed as chemically dependent by a professional certified to make the diagnosis;

~~(ii)~~ (B) the parent has been required by a case plan to participate in a chemical dependency treatment program;

~~(iii)~~ (C) the treatment programs offered to the parent were culturally, linguistically, and clinically appropriate;

~~(iv)~~ (D) the parent has either failed two or more times to successfully complete a treatment program or has refused at two or more separate meetings with a caseworker to participate in a treatment program; and

~~(v)~~ (E) the parent continues to abuse chemicals.

~~Provided, that this presumption applies only to parents required by a case plan to participate in a chemical dependency treatment program on or after July 1, 1990;~~

(6) that a child has experienced egregious harm in the parent's care which is of a nature, duration, or chronicity that indicates a lack of regard for the child's well-being, such that a reasonable person would believe it contrary to the best interest of the child or of any child to be in the parent's care;

(7) that in the case of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born the person is not entitled to notice of an adoption hearing under section 259.49 and the person has not registered with the fathers' adoption registry under section 259.52;

(8) that the child is neglected and in foster care; or

(9) that the parent has been convicted of a crime listed in section 260.012, paragraph (b), clauses (1) to (3).

In an action involving an American Indian child, sections 257.35 to 257.3579 and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923, control to the extent that the provisions of this section are inconsistent with those laws.

Sec. 44. Minnesota Statutes 1998, section 260.221, subdivision 1b, is amended to read:

Subd. 1b. [REQUIRED TERMINATION OF PARENTAL RIGHTS.] (a) The county attorney shall file a termination of parental rights petition within 30 days of the responsible social services agency determining that a ~~child's placement in out-of-home care if the~~ child has been subjected to egregious harm as defined in section 260.015, subdivision 29, is determined to be the sibling of another child of the parent who was subjected to egregious harm, or is an abandoned infant as defined in subdivision 1a, paragraph (a), clause (2). The local social services agency shall concurrently identify, recruit, process, and approve an adoptive family for the child. If a termination of parental rights petition has been filed by another party, the local social services agency shall be joined as a party to the petition. If criminal charges have been filed against a parent arising out of the conduct alleged to constitute egregious harm, the county attorney shall determine which matter should proceed to trial first, consistent with the best interests of the child and subject to the defendant's right to a speedy trial.

(b) This requirement does not apply if the county attorney determines and files with the court ~~its determination that~~:

(1) a petition for transfer of permanent legal and physical custody to a relative ~~is in the best interests of the child or there is~~ under section 260.191, subdivision 3b, including a determination that the transfer is in the best interests of the child; or

(2) a petition alleging the child and, where appropriate, the child's siblings to be in need of protection or services accompanied by a case plan prepared by the responsible social services agency documenting a compelling reason ~~documented by the local social services agency that~~ why filing ~~the~~ a termination of parental rights petition would not be in the best interests of the child.

Sec. 45. Minnesota Statutes 1998, section 260.221, subdivision 1c, is amended to read:

Subd. 1c. [CURRENT FOSTER CARE CHILDREN.] Except for cases where the child is in placement due solely to the child's status as developmentally delayed under United States Code, title 42, section 6001(7), or emotionally handicapped under section 252.27, and where custody has not been transferred to the responsible social services agency, the county attorney shall file a termination of parental rights petition or ~~other~~ a petition to support another permanent placement proceeding under section 260.191, subdivision 3b, for all children ~~determined to be in need of protection or services~~ who are placed in out-of-home care for reasons other than care or treatment of the child's disability, and who are in out-of-home placement on April 21, 1998, and have been in out-of-home care for 15 of the most recent 22 months. This requirement does not apply if there is a compelling reason documented in a case plan filed with the court for determining that filing a termination of parental rights petition or other permanency petition would not be in the best interests of the child or if the responsible social services agency has not provided reasonable efforts necessary for the safe return of the child, if reasonable efforts are required.

Sec. 46. Minnesota Statutes 1998, section 260.221, subdivision 3, is amended to read:

Subd. 3. [WHEN PRIOR FINDING REQUIRED.] For purposes of subdivision 1, clause (b), no prior judicial finding of ~~dependency, neglect,~~ need for protection or services, or neglected and in foster care is required, except as provided in subdivision 1, clause (b), item (5).

Sec. 47. Minnesota Statutes 1998, section 260.221, subdivision 5, is amended to read:

Subd. 5. [FINDINGS REGARDING REASONABLE EFFORTS.] In any proceeding under this section, the court shall make specific findings:

(1) regarding the nature and extent of efforts made by the social ~~service~~ services agency to rehabilitate the parent and reunite the family; or

(2) ~~that provision of services or further services for the purpose of rehabilitation and reunification is futile and therefore unreasonable under the circumstances; or~~

~~(3)~~ that reasonable efforts at reunification are not required as provided under section 260.012.

ARTICLE 10

OTHER HEALTH AND HUMAN SERVICES PROVISIONS

Section 1. Minnesota Statutes 1998, section 256.485, is amended to read:

256.485 [CHILD WELFARE SERVICES TO MINOR REFUGEES.]

Subdivision 1. [SPECIAL PROJECTS.] The commissioner of human services shall establish a grant program to provide specialized child welfare services to Asian and Amerasian refugees under the age of 18 who reside in Minnesota.

Subd. 2. [DEFINITIONS.] For the purpose of this section, the following terms have the meanings given them:

(a) "Refugee" means refugee or asylee status granted by the United States Immigration and Naturalization Service.

(b) "Child welfare services" means treatment or services, including workshops or training regarding independent living skills, coping skills, and responsible parenting, and family or individual counseling regarding career planning, intergenerational relationships and communications, and emotional or psychological stress.

Subd. 3. [PROJECT SELECTION.] The commissioner shall select projects for funding under this section. Projects selected must be administered by service providers who have experience in providing child welfare services to minor Asian and Amerasian refugees.

Subd. 4. [PROJECT DESIGN.] Project proposals selected under this section must:

(1) use existing resources when possible;

(2) provide bilingual services;

(3) clearly specify program goals and timetables for project operation;

(4) identify support services, social services, and referral procedures to be used; and

(5) identify the training and experience that enable project staff to provide services to targeted refugees, as well as the number of staff with bilingual service expertise.

Subd. 5. [ANNUAL REPORT.] Selected service providers must report to the commissioner by June 30 of each year on the number of refugees served, the average cost per refugee served, the number and percentage of refugees who are successfully assisted through child welfare services, and recommendations for modifications in service delivery for the upcoming year.

Subd. 6. [EXPIRATION.] This section expires June 30, 2001.

Sec. 2. [REPEALER.]

Minnesota Statutes 1998, section 256.973, is repealed.

ARTICLE 11

HEALTH PLAN COMPANY REGULATION

Section 1. Minnesota Statutes 1998, section 62D.11, subdivision 1, is amended to read:

Subdivision 1. [ENROLLEE COMPLAINT SYSTEM.] Every health maintenance organization shall establish and maintain a complaint system, as required under ~~section 62Q.105~~ sections 62Q.68 to 62Q.72 to provide reasonable procedures for the resolution of written complaints initiated by or on behalf of enrollees concerning the provision of health care services. ~~"Provision of health services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. The health maintenance organization must inform enrollees that they may choose to use arbitration to appeal a health maintenance organization's internal appeal decision. The health maintenance organization must also inform enrollees that they have the right to use arbitration to appeal a health maintenance organization's internal appeal decision not to certify an admission, procedure, service, or extension of stay under section 62M.06. If an enrollee chooses to use arbitration, the health maintenance organization must participate.~~

(Effective Date: Section 1 (62D.11, subdivision 1) is effective January 1, 2000.)

Sec. 2. Minnesota Statutes 1998, section 62M.01, is amended to read:

62M.01 [CITATION, JURISDICTION, AND SCOPE.]

Subdivision 1. [POPULAR NAME.] Sections 62M.01 to 62M.16 may be cited as the "Minnesota Utilization Review Act of 1992."

Subd. 2. [JURISDICTION.] Sections 62M.01 to 62M.16 apply to any insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, that provides utilization review services for the administration of benefits under a health benefit plan as defined in section 62M.02; or any entity performing utilization review on behalf of a business entity in this state pursuant to a health benefit plan covering a Minnesota resident.

Subd. 3. [SCOPE.] ~~Sections 62M.02, 62M.07, and 62M.09, subdivision 4, apply to prior authorization of services.~~ Nothing in sections 62M.01 to 62M.16 applies to review of claims after submission to determine eligibility for benefits under a health benefit plan. The appeal procedure described in section 62M.06 applies to any complaint as defined under section 62Q.68, subdivision 2, that requires a medical determination in its resolution.

(Effective Date: Section 2 (62M.01, subdivisions 2 and 3) are effective January 1, 2000.)

Sec. 3. Minnesota Statutes 1998, section 62M.02, subdivision 3, is amended to read:

Subd. 3. [ATTENDING DENTIST.] "Attending dentist" means the dentist with primary responsibility for the dental care provided to ~~a patient~~ an enrollee.

(Effective Date: Section 3 (62M.02, subdivision 3) is effective January 1, 2000.)

Sec. 4. Minnesota Statutes 1998, section 62M.02, subdivision 4, is amended to read:

Subd. 4. [ATTENDING ~~PHYSICIAN~~ HEALTH CARE PROFESSIONAL.] "Attending ~~physician~~ health care professional" means the ~~physician~~ health care professional with primary responsibility for the care provided to ~~a patient in a hospital or other health care facility~~ an enrollee.

(Effective Date: Section 4 (62M.02, subdivision 4) is effective January 1, 2000.)

Sec. 5. Minnesota Statutes 1998, section 62M.02, subdivision 5, is amended to read:

Subd. 5. [CERTIFICATION.] "Certification" means a determination by a utilization review organization that an admission, extension of stay, or other health care service has been reviewed and that it, based on the information provided, meets the utilization review requirements of the applicable health plan and the health ~~carrier~~ plan company will then pay for the covered benefit, provided the preexisting limitation provisions, the general exclusion provisions, and any deductible, copayment, coinsurance, or other policy requirements have been met.

(Effective Date: Section 5 (62M.02, subdivision 5) is effective January 1, 2000.)

Sec. 6. Minnesota Statutes 1998, section 62M.02, subdivision 6, is amended to read:

Subd. 6. [CLAIMS ADMINISTRATOR.] "Claims administrator" means an entity that reviews and determines whether to pay claims to enrollees~~, physicians, hospitals, or others~~ or providers based on the contract provisions of the health plan contract. Claims administrators may include insurance companies licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended.

(Effective Date: Section 6 (62M.02, subdivision 6) is effective January 1, 2000.)

Sec. 7. Minnesota Statutes 1998, section 62M.02, subdivision 7, is amended to read:

Subd. 7. [CLAIMANT.] "Claimant" means the enrollee ~~or covered person~~ who files a claim for benefits or a provider of services who, pursuant to a contract with a claims administrator, files a claim on behalf of an enrollee or covered person.

(Effective Date: Section 7 (62M.02, subdivision 7) is effective January 1, 2000.)

Sec. 8. Minnesota Statutes 1998, section 62M.02, subdivision 9, is amended to read:

Subd. 9. [CONCURRENT REVIEW.] "Concurrent review" means utilization review conducted during ~~a patient's~~ an enrollee's hospital stay or course of treatment and has the same meaning as continued stay review.

(Effective Date: Section 8 (62M.02, subdivision 9) is effective January 1, 2000.)

Sec. 9. Minnesota Statutes 1998, section 62M.02, subdivision 10, is amended to read:

Subd. 10. [DISCHARGE PLANNING.] "Discharge planning" means the process that assesses ~~a patient's~~ an enrollee's need for treatment after hospitalization in order to help arrange for the necessary services and resources to effect an appropriate and timely discharge.

(Effective Date: Section 9 (62M.02, subdivision 10) is effective January 1, 2000.)

Sec. 10. Minnesota Statutes 1998, section 62M.02, subdivision 11, is amended to read:

Subd. 11. [ENROLLEE.] "Enrollee" means an individual ~~who has elected to contract for, or participate in, a health benefit plan for enrollee coverage or for dependent coverage~~ covered by a health benefit plan and includes an insured policyholder, subscriber contract holder, member, covered person, or certificate holder.

(Effective Date: Section 10 (62M.02, subdivision 11) is effective January 1, 2000.)

Sec. 11. Minnesota Statutes 1998, section 62M.02, subdivision 12, is amended to read:

Subd. 12. [HEALTH BENEFIT PLAN.] "Health benefit plan" means a policy, contract, or certificate issued by a health ~~carrier to an employer or individual~~ plan company for the coverage of medical, dental, or hospital benefits. A health benefit plan does not include coverage that is:

(1) limited to disability or income protection coverage;

(2) automobile medical payment coverage;

(3) supplemental to liability insurance;

(4) designed solely to provide payments on a per diem, fixed indemnity, or nonexpense incurred basis;

(5) credit accident and health insurance issued under chapter 62B;

(6) blanket accident and sickness insurance as defined in section 62A.11;

(7) accident only coverage issued by a licensed and tested insurance agent; or

(8) workers' compensation.

(Effective Date: Section 11 (62M.02, subdivision 12) is effective January 1, 2000.)

Sec. 12. Minnesota Statutes 1998, section 62M.02, is amended by adding a subdivision to read:

Subd. 12a. [HEALTH PLAN COMPANY.] "Health plan company" means a health plan company as defined in section 62Q.01, subdivision 4, and includes an accountable provider network operating under chapter 62T.

(Effective Date: Section 12 (62M.02, subdivision 12a) is effective January 1, 2000.)

Sec. 13. Minnesota Statutes 1998, section 62M.02, subdivision 17, is amended to read:

Subd. 17. [PROVIDER.] "Provider" means a licensed health care facility, physician, or other health care professional that delivers health care services to an enrollee ~~or covered person~~.

(Effective Date: Section 13 (62M.02, subdivision 17) is effective January 1, 2000.)

Sec. 14. Minnesota Statutes 1998, section 62M.02, subdivision 20, is amended to read:

Subd. 20. [UTILIZATION REVIEW.] "Utilization review" means the evaluation of the necessity, appropriateness, and efficacy of the use of health care services, procedures, and facilities, by a person or entity other than the attending ~~physician~~ health care professional, for the purpose of determining the medical necessity of the service or admission. Utilization review also includes review conducted after the admission of the enrollee. It includes situations where the enrollee is unconscious or otherwise unable to provide advance notification. ~~Utilization review does not include the imposition of a requirement that services be received by or upon referral from a participating provider.~~

(Effective Date: Section 14 (62M.02, subdivision 20) is effective January 1, 2000.)

Sec. 15. Minnesota Statutes 1998, section 62M.02, subdivision 21, is amended to read:

Subd. 21. [UTILIZATION REVIEW ORGANIZATION.] "Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and determines certification of an admission, extension of stay, or other health care services for a Minnesota resident; or any entity performing utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state.

(Effective Date: Section 15 (62M.02, subdivision 21) is effective January 1, 2000.)

Sec. 16. Minnesota Statutes 1998, section 62M.03, subdivision 1, is amended to read:

Subdivision 1. [LICENSED UTILIZATION REVIEW ORGANIZATION.] Beginning January 1, 1993, any organization that meets the definition of utilization review organization in section 62M.02, subdivision 21, must be licensed under chapter 60A, 62C, 62D, 62N, 62T, or 64B, or registered under this chapter and must comply with sections 62M.01 to 62M.16 and section 72A.201, subdivisions 8 and 8a. Each licensed community integrated service network or health maintenance organization that has an employed staff model of providing health care services shall comply with sections 62M.01 to 62M.16 and section 72A.201, subdivisions 8 and 8a, for any services provided by providers under contract.

(Effective Date: Section 16 (62M.03, subdivision 1) is effective January 1, 2000.)

Sec. 17. Minnesota Statutes 1998, section 62M.03, subdivision 3, is amended to read:

Subd. 3. [PENALTIES AND ENFORCEMENTS.] If a utilization review organization fails to comply with sections 62M.01 to 62M.16, the organization may not provide utilization review services for any Minnesota resident. The commissioner of commerce may issue a cease and desist order under section 45.027, subdivision 5, to enforce this provision. The cease and desist order is subject to appeal under chapter 14. A nonlicensed utilization review organization that fails to comply with the provisions of sections 62M.01 to 62M.16 is subject to all applicable penalty and enforcement provisions of section 72A.201. Each utilization review organization licensed under chapter 60A, 62C, 62D, 62N, 62T, or 64B shall comply with sections 62M.01 to 62M.16 as a condition of licensure.

(Effective Date: Section 17 (62M.03, subdivision 3) is effective January 1, 2000.)

Sec. 18. Minnesota Statutes 1998, section 62M.04, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY FOR OBTAINING CERTIFICATION.] A health benefit plan that includes utilization review requirements must specify the process for notifying the utilization review organization in a timely manner and obtaining certification for health care services. Each health plan company must provide a clear and concise description of this process to an enrollee as part of the policy, subscriber contract, or certificate of coverage. In addition to the enrollee, the utilization review organization must allow any ~~licensed hospital, physician or the physician's~~ provider or provider's designee, or responsible patient representative, including a family member, to fulfill the obligations under the health plan.

A claims administrator that contracts directly with providers for the provision of health care services to enrollees may, through contract, require the provider to notify the review organization in a timely manner and obtain certification for health care services.

(Effective Date: Section 18 (62M.04, subdivision 1) is effective January 1, 2000.)

Sec. 19. Minnesota Statutes 1998, section 62M.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION UPON WHICH UTILIZATION REVIEW IS CONDUCTED.] If the utilization review organization is conducting routine prospective and concurrent utilization review, utilization review organizations must collect only the information necessary to certify the admission, procedure of treatment, and length of stay.

(a) Utilization review organizations may request, but may not require~~, hospitals, physicians, or other~~ providers to supply numerically encoded diagnoses or procedures as part of the certification process.

(b) Utilization review organizations must not routinely request copies of medical records for all patients reviewed. In performing prospective and concurrent review, copies of the pertinent portion of the medical record should be required only when a difficulty develops in certifying the medical necessity or appropriateness of the admission or extension of stay.

(c) Utilization review organizations may request copies of medical records retrospectively for a number of purposes, including auditing the services provided, quality assurance review, ensuring compliance with the terms of either the health benefit plan or the provider contract, and compliance with utilization review activities. Except for reviewing medical records associated with an appeal or with an investigation or audit of data discrepancies, ~~health care~~ providers must be reimbursed for the reasonable costs of duplicating records requested by the utilization review organization for retrospective review unless otherwise provided under the terms of the provider contract.

(Effective Date: Section 19 (62M.04, subdivision 2) is effective January 1, 2000.)

Sec. 20. Minnesota Statutes 1998, section 62M.04, subdivision 3, is amended to read:

Subd. 3. [DATA ELEMENTS.] Except as otherwise provided in sections 62M.01 to 62M.16, for purposes of certification a utilization review organization must limit its data requirements to the following elements:

(a) Patient information that includes the following:

(1) name;

(2) address;

(3) date of birth;

(4) sex;

(5) social security number or patient identification number;

(6) name of health ~~carrier~~ plan company or health plan; and

(7) plan identification number.

(b) Enrollee information that includes the following:

(1) name;

(2) address;

(3) social security number or employee identification number;

(4) relation to patient;

(5) employer;

(6) health benefit plan;

(7) group number or plan identification number; and

(8) availability of other coverage.

(c) Attending ~~physician or provider~~ health care professional information that includes the following:

(1) name;

(2) address;

(3) telephone numbers;

(4) degree and license;

(5) specialty or board certification status; and

(6) tax identification number or other identification number.

(d) Diagnosis and treatment information that includes the following:

(1) primary diagnosis with associated ICD or DSM coding, if available;

(2) secondary diagnosis with associated ICD or DSM coding, if available;

(3) tertiary diagnoses with associated ICD or DSM coding, if available;

(4) proposed procedures or treatments with ICD or associated CPT codes, if available;

(5) surgical assistant requirement;

(6) anesthesia requirement;

(7) proposed admission or service dates;

(8) proposed procedure date; and

(9) proposed length of stay.

(e) Clinical information that includes the following:

(1) support and documentation of appropriateness and level of service proposed; and

(2) identification of contact person for detailed clinical information.

(f) Facility information that includes the following:

(1) type;

(2) licensure and certification status and DRG exempt status;

(3) name;

(4) address;

(5) telephone number; and

(6) tax identification number or other identification number.

(g) Concurrent or continued stay review information that includes the following:

(1) additional days, services, or procedures proposed;

(2) reasons for extension, including clinical information sufficient for support of appropriateness and level of service proposed; and

(3) diagnosis status.

(h) For admissions to facilities other than acute medical or surgical hospitals, additional information that includes the following:

(1) history of present illness;

(2) patient treatment plan and goals;

(3) prognosis;

(4) staff qualifications; and

(5) 24-hour availability of staff.

Additional information may be required for other specific review functions such as discharge planning or catastrophic case management. Second opinion information may also be required, when applicable, to support benefit plan requirements.

(Effective Date: Section 20 (62M.04, subdivision 3) is effective January 1, 2000.)

Sec. 21. Minnesota Statutes 1998, section 62M.04, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL INFORMATION.] A utilization review organization may request information in addition to that described in subdivision 3 when there is significant lack of agreement between the utilization review organization and the ~~health care~~ provider regarding the appropriateness of certification during the review or appeal process. For purposes of this subdivision, "significant lack of agreement" means that the utilization review organization has:

(1) tentatively determined through its professional staff that a service cannot be certified;

(2) referred the case to a physician for review; and

(3) talked to or attempted to talk to the attending ~~physician~~ health care professional for further information.

Nothing in sections 62M.01 to 62M.16 prohibits a utilization review organization from requiring submission of data necessary to comply with the quality assurance and utilization review requirements of chapter 62D or other appropriate data or outcome analyses.

(Effective Date: Section 21 (62M.04, subdivision 4) is effective January 1, 2000.)

Sec. 22. Minnesota Statutes 1998, section 62M.05, is amended to read:

62M.05 [PROCEDURES FOR REVIEW DETERMINATION.]

Subdivision 1. [WRITTEN PROCEDURES.] A utilization review organization must have written procedures to ensure that reviews are conducted in accordance with the requirements of this chapter ~~and section 72A.201, subdivision 4a~~.

Subd. 2. [CONCURRENT REVIEW.] A utilization review organization may review ongoing inpatient stays based on the severity or complexity of the ~~patient's~~ enrollee's condition or on necessary treatment or discharge planning activities. Such review must not be consistently conducted on a daily basis.

Subd. 3. [NOTIFICATION OF DETERMINATIONS.] A utilization review organization must have written procedures for providing notification of its determinations on all certifications in accordance with ~~the following:~~ this section.

Subd. 3a. [STANDARD REVIEW DETERMINATION.] (a) Notwithstanding subdivision 3b, an initial determination on all requests for utilization review must be communicated to the provider and enrollee in accordance with this subdivision within ten business days of the request, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization.

(b) When an initial determination is made to certify, notification must be provided promptly by telephone to the provider. The utilization review organization shall send written notification to the ~~hospital, attending physician, or applicable service provider within ten business days of the determination in accordance with section 72A.201, subdivision 4a,~~ provider or shall maintain an audit trail of the determination and telephone notification. For purposes of this subdivision, "audit trail" includes documentation of the telephone notification, including the date; the name of the person spoken to; the enrollee ~~or patient~~; the service, procedure, or admission certified; and the date of the service, procedure, or admission. If the utilization review organization indicates certification by use of a number, the number must be called the "certification number."

~~(b)~~ (c) When ~~a~~ an initial determination is made not to certify ~~a hospital or surgical facility admission or extension of a hospital stay, or other service requiring review determination~~, notification must be provided by telephone within one working day after making the ~~decision~~ determination to the attending ~~physician~~ health care professional and hospital ~~must be notified by telephone~~ and a written notification must be sent to the hospital, attending ~~physician~~ health care professional, and enrollee ~~or patient~~. The written notification must include the principal reason or reasons for the determination and the process for initiating an appeal of the determination. Upon request, the utilization review organization shall provide the ~~attending physician or~~ provider or enrollee with the criteria used to determine the necessity, appropriateness, and efficacy of the health care service and identify the database, professional treatment parameter, or other basis for the criteria. Reasons for a determination not to certify may include, among other things, the lack of adequate information to certify after a reasonable attempt has been made to contact the ~~attending physician~~ provider or enrollee.

(d) When an initial determination is made not to certify, the written notification must inform the enrollee and the attending health care professional of the right to submit an appeal to the internal appeal process described in section 62M.06 and the procedure for initiating the internal appeal.

Subd. 3b. [EXPEDITED REVIEW DETERMINATION.] (a) An expedited initial determination must be utilized if the attending health care professional believes that an expedited determination is warranted.

(b) Notification of an expedited initial determination to either certify or not to certify must be provided to the hospital, the attending health care professional, and the enrollee as expeditiously as the enrollee's medical condition requires, but no later than 72 hours from the initial request. When an expedited initial determination is made not to certify, the utilization review organization must also notify the enrollee and the attending health care professional of the right to submit an appeal to the expedited internal appeal as described in section 62M.06 and the procedure for initiating an internal expedited appeal.

Subd. 4. [FAILURE TO PROVIDE NECESSARY INFORMATION.] A utilization review organization must have written procedures to address the failure of a ~~health care~~ provider~~, patient, or representative of either~~ or enrollee to provide the necessary information for review. If the ~~patient~~ enrollee or provider will not release the necessary information to the utilization review organization, the utilization review organization may deny certification in accordance with its own policy or the policy described in the health benefit plan.

Subd. 5. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] If the utilization review organization and the claims administrator are separate entities, the utilization review organization must forward, electronically or in writing, a notification of certification or determination not to certify to the appropriate claims administrator for the health benefit plan.

(Effective Date: Section 22 (62M.05, subdivisions 1 to 5) are effective January 1, 2000.)

Sec. 23. Minnesota Statutes 1998, section 62M.06, is amended to read:

62M.06 [APPEALS OF DETERMINATIONS NOT TO CERTIFY.]

Subdivision 1. [PROCEDURES FOR APPEAL.] A utilization review organization must have written procedures for appeals of determinations not to certify ~~an admission, procedure, service, or extension of stay~~. The right to appeal must be available to the enrollee ~~or designee~~ and to the attending ~~physician~~ health care professional. ~~The right of appeal must be communicated to the enrollee or designee or to the attending physician, whomever initiated the original certification request, at the time that the original determination is communicated.~~

Subd. 2. [EXPEDITED APPEAL.] (a) When an initial determination not to certify a health care service is made prior to or during an ongoing service requiring review~~,~~ and the attending ~~physician~~ health care professional believes that the determination warrants ~~immediate~~ an expedited appeal, the utilization review organization must ensure that the enrollee and the attending ~~physician, enrollee, or designee has~~ health care professional have an opportunity to appeal the determination over the telephone on an expedited basis. In such an appeal, the utilization review organization must ensure reasonable access to its consulting physician or health care provider. ~~Expedited appeals that are not resolved may be resubmitted through the standard appeal process.~~

(b) The utilization review organization shall notify the enrollee and attending health care professional by telephone of its determination on the expedited appeal as expeditiously as the enrollee's medical condition requires, but no later than 72 hours after receiving the expedited appeal.

(c) If the determination not to certify is not reversed through the expedited appeal, the utilization review organization must include in its notification the right to submit the appeal to the external appeal process described in section 62Q.73 and the procedure for initiating the process. This information must be provided in writing to the enrollee and the attending health care professional as soon as practical.

Subd. 3. [STANDARD APPEAL.] The utilization review organization must establish procedures for appeals to be made either in writing or by telephone.

(a) ~~Each~~ A utilization review organization shall notify in writing the enrollee ~~or patient~~, attending ~~physician~~ health care professional, and claims administrator of its determination on the appeal ~~as soon as practical, but in no case later than 45 days after receiving the required documentation on the appeal~~ within 30 days upon receipt of the notice of appeal.

(b) The documentation required by the utilization review organization may include copies of part or all of the medical record and a written statement from the attending health care ~~provider~~ professional.

(c) Prior to upholding the ~~original decision~~ initial determination not to certify for clinical reasons, the utilization review organization shall conduct a review of the documentation by a physician who did not make the ~~original~~ initial determination not to certify.

(d) The process established by a utilization review organization may include defining a period within which an appeal must be filed to be considered. The time period must be communicated to the ~~patient,~~ enrollee~~, or~~ and attending ~~physician~~ health care professional when the initial determination is made.

(e) An attending ~~physician~~ health care professional or enrollee who has been unsuccessful in an attempt to reverse a determination not to certify shall, consistent with section 72A.285, be provided the following:

(1) a complete summary of the review findings;

(2) qualifications of the reviewers, including any license, certification, or specialty designation; and

(3) the relationship between the enrollee's diagnosis and the review criteria used as the basis for the decision, including the specific rationale for the reviewer's decision.

(f) In cases of appeal to reverse a determination not to certify for clinical reasons, the utilization review organization must, upon request of the attending ~~physician~~ health care professional, ensure that a physician of the utilization review organization's choice in the same or a similar general specialty as typically manages the medical condition, procedure, or treatment under discussion is reasonably available to review the case.

(g) If the initial determination is not reversed on appeal, the utilization review organization must include in its notification the right to submit the appeal to the external review process described in section 62Q.73 and the procedure for initiating the external process.

Subd. 4. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] If the utilization review organization and the claims administrator are separate entities, the utilization review organization must ~~forward~~ notify, either electronically or in writing, ~~a notification of certification or determination not to certify to~~ the appropriate claims administrator for the health benefit plan of any determination not to certify that is reversed on appeal.

(Effective Date: Section 23 (62M.06, subdivisions 1 to 4) are effective January 1, 2000.)

Sec. 24. Minnesota Statutes 1998, section 62M.07, is amended to read:

62M.07 [PRIOR AUTHORIZATION OF SERVICES.]

(a) Utilization review organizations conducting prior authorization of services must have written standards that meet at a minimum the following requirements:

(1) written procedures and criteria used to determine whether care is appropriate, reasonable, or medically necessary;

(2) a system for providing prompt notification of its determinations to enrollees and providers and for notifying the provider, enrollee, or enrollee's designee of appeal procedures under clause (4);

(3) compliance with section ~~72A.201~~ 62M.05, subdivision ~~4a~~ 3, regarding time frames for approving and disapproving prior authorization requests;

(4) written procedures for appeals of denials of prior authorization which specify the responsibilities of the enrollee and provider, and which meet the requirements of ~~section~~ sections 62M.06 and 72A.285, regarding release of summary review findings; and

(5) procedures to ensure confidentiality of patient-specific information, consistent with applicable law.

(b) No utilization review organization, health plan company, or claims administrator may conduct or require prior authorization of emergency confinement or emergency treatment. The enrollee or the enrollee's authorized representative may be required to notify the health plan company, claims administrator, or utilization review organization as soon after the beginning of the emergency confinement or emergency treatment as reasonably possible.

(Effective Date: Section 24 (62M.07) is effective January 1, 2000.)

Sec. 25. Minnesota Statutes 1998, section 62M.09, subdivision 3, is amended to read:

Subd. 3. [PHYSICIAN REVIEWER INVOLVEMENT.] A physician must review all cases in which the utilization review organization has concluded that a determination not to certify for clinical reasons is appropriate. The physician should be reasonably available by telephone to discuss the determination with the attending ~~physician~~ health care professional. This subdivision does not apply to outpatient mental health or substance abuse services governed by subdivision 3a.

(Effective Date: Section 25 (62M.09, subdivision 3) is effective January 1, 2000.)

Sec. 26. Minnesota Statutes 1998, section 62M.10, subdivision 2, is amended to read:

Subd. 2. [REVIEWS DURING NORMAL BUSINESS HOURS.] A utilization review organization must conduct its telephone reviews, on-site reviews, and hospital communications during ~~hospitals' and physicians'~~ reasonable and normal business hours, unless otherwise mutually agreed.

(Effective Date: Section 26 (62M.10, subdivision 2) is effective January 1, 2000.)

Sec. 27. Minnesota Statutes 1998, section 62M.10, subdivision 5, is amended to read:

Subd. 5. [ORAL REQUESTS FOR INFORMATION.] Utilization review organizations shall orally inform, upon request, designated hospital personnel or the attending ~~physician~~ health care professional of the utilization review requirements of the specific health benefit plan and the general type of criteria used by the review agent. Utilization review organizations should also orally inform, upon request, ~~hospitals, physicians, and other health care professionals~~ a provider of the operational procedures in order to facilitate the review process.

(Effective Date: Section 27 (62M.10, subdivision 5) is effective January 1, 2000.)

Sec. 28. Minnesota Statutes 1998, section 62M.10, subdivision 7, is amended to read:

Subd. 7. [AVAILABILITY OF CRITERIA.] Upon request, a utilization review organization shall provide to an enrollee or to ~~an attending physician or~~ a provider the criteria used for a specific procedure to determine the necessity, appropriateness, and efficacy of that procedure and identify the database, professional treatment guideline, or other basis for the criteria.

(Effective Date: Section 28 (62M.10, subdivision 7) is effective January 1, 2000.)

Sec. 29. Minnesota Statutes 1998, section 62M.12, is amended to read:

62M.12 [PROHIBITION OF INAPPROPRIATE INCENTIVES.]

No individual who is performing utilization review may receive any financial incentive based on the number of denials of certifications made by such individual, provided that utilization review organizations may establish medically appropriate performance standards. This prohibition does not apply to financial incentives established between health ~~plans~~ plan companies and ~~their~~ providers.

(Effective Date: Section 29 (62M.12) is effective January 1, 2000.)

Sec. 30. Minnesota Statutes 1998, section 62M.15, is amended to read:

62M.15 [APPLICABILITY OF OTHER CHAPTER REQUIREMENTS.]

The requirements of this chapter regarding the conduct of utilization review are in addition to any specific requirements contained in chapter 62A, 62C, 62D, 62Q, or 72A.

(Effective Date: Section 30 (62M.15) is effective January 1, 2000.)

Sec. 31. Minnesota Statutes 1998, section 62Q.106, is amended to read:

62Q.106 [DISPUTE RESOLUTION BY COMMISSIONER.]

A complainant may at any time submit a complaint to the appropriate commissioner to investigate. After investigating a complaint, or reviewing a company's decision, the appropriate commissioner may order a remedy as authorized under ~~section 62Q.30 or~~ chapter 45, 60A, or 62D.

(Effective Date: Section 31 (62Q.106) is effective January 1, 2000.)

Sec. 32. Minnesota Statutes 1998, section 62Q.19, subdivision 5a, is amended to read:

Subd. 5a. [COOPERATION.] Each health plan company and essential community provider shall cooperate to facilitate the use of the essential community provider by the high risk and special needs populations. This includes cooperation on the submission and processing of claims, sharing of all pertinent records and data, including performance indicators and specific outcomes data, and the use of all dispute resolution methods ~~as defined in section 62Q.11, subdivision 1~~.

(Effective Date: Section 32 (62Q.19, subdivision 5a) is effective January 1, 2000.)

Sec. 33. [62Q.68] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For purposes of sections 62Q.68 to 62Q.72, the terms defined in this section have the meanings given them. For purposes of sections 62Q.69 and 62Q.70, the term "health plan company" does not include an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01.

Subd. 2. [COMPLAINT.] "Complaint" means any grievance against a health plan company that is not the subject of litigation and that has been submitted by a complainant to a health plan company regarding the provision of health services including, but not limited to, the scope of coverage for health care services; retrospective denials or limitations of payment for services; eligibility issues; denials, cancellations, or nonrenewals of coverage; administrative operations; and the quality, timeliness, and appropriateness of health care services rendered. If the complaint is from an applicant, the complaint must relate to the application. If the complaint is from a former enrollee, the complaint must relate to services received during the period of time the individual was an enrollee. Any grievance requiring a medical determination in its resolution must be processed under the appeal procedure described in section 62M.06.

Subd. 3. [COMPLAINANT.] "Complainant" means an enrollee, applicant, or former enrollee, or anyone acting on behalf of an enrollee, applicant, or former enrollee who submits a complaint.

(Effective Date: Section 33 (62Q.68, subdivisions 1 to 3) are effective January 1, 2000.)

Sec. 34. [62Q.69] [COMPLAINT RESOLUTION.]

Subdivision 1. [ESTABLISHMENT.] Each health plan company must establish and maintain an internal complaint resolution process that meets the requirements of this section to provide for the resolution of a complaint initiated by a complainant.

Subd. 2. [PROCEDURES FOR FILING A COMPLAINT.] (a) A complainant may submit a complaint to a health plan company either by telephone or in writing. If a complaint is submitted orally and the resolution of the complaint is partially or wholly adverse to the complainant, or the oral complaint is not resolved by the health plan company within ten days of receiving the complaint, the health plan company must inform the complainant that the complaint may be submitted in writing and must promptly mail a complaint form to the complainant. The complaint form must include the following information:

(1) the telephone number of the office of health care consumer assistance, advocacy, and information, and the health plan company member services or other departments or persons equipped to advise complainants on complaint resolution;

(2) the address to which the form must be sent;

(3) a description of the health plan company's internal complaint procedure and the applicable time limits; and

(4) the toll-free telephone number of either the commissioner of health or commerce and notification that the complainant has the right to submit the complaint at any time to the appropriate commissioner for investigation.

(b) Upon receipt of a written complaint, the health plan company must notify the complainant within ten business days that the complaint was received, unless the complaint is resolved to the satisfaction of the complainant within the ten business days.

(c) At the complainant's request, a health plan company must provide a complainant with any assistance needed to file a written complaint.

(d) Each health plan company must provide, in the member handbook, subscriber contract, or certification of coverage, a clear and concise description of how to submit a complaint and a statement that, upon request, assistance in submitting a written complaint is available from the health plan company.

Subd. 3. [NOTIFICATION OF COMPLAINT DECISIONS.] (a) The health plan company must notify the complainant in writing of its decision and the reasons for it as soon as practical but in no case later than 30 days after receipt of a written complaint.

(b) If the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to appeal the decision to the health plan company's internal appeal process described in section 62Q.70 and the procedure for initiating an appeal.

(c) The notification must also inform the complainant of the right to submit the complaint at any time to either the commissioner of health or commerce for investigation and the toll-free telephone number of the appropriate commissioner.

(Effective Date: Section 34 (62Q.69, subdivisions 1 to 3) are effective January 1, 2000.)

Sec. 35. [62Q.70] [APPEAL OF THE COMPLAINT DECISION.]

Subdivision 1. [ESTABLISHMENT.] (a) Each health plan company shall establish an internal appeal process for reviewing a health plan company's decision regarding a complaint filed in accordance with section 62Q.69. The appeal process must meet the requirements of this section.

(b) The person or persons with authority to resolve or recommend the resolution of the internal appeal must not be solely the same person or persons who made the complaint decision under section 62Q.69.

(c) The internal appeal process must permit the receipt of testimony, correspondence, explanations, or other information from the complainant, staff persons, administrators, providers, or other persons as deemed necessary by the person or persons investigating or presiding over the appeal.

Subd. 2. [PROCEDURES FOR FILING AN APPEAL.] If a complainant notifies the health plan company of the complainant's desire to appeal the health plan company's decision regarding the complaint through the internal appeal process, the health plan company must provide the complainant the option for the appeal to occur either in writing or by hearing.

Subd. 3. [NOTIFICATION OF APPEAL DECISIONS.] (a) Written notice of the appeal decision and all key findings must be given to the complainant within 30 days of the health plan company's receipt of the complainant's written notice of appeal.

(b) If the appeal decision is partially or wholly adverse to the complainant, the notice must advise the complainant of the right to submit the appeal decision to the external review process described in section 62Q.73 and the procedure for initiating the external process.

(c) Upon the request of the complainant, the health plan company must provide the complainant with a complete summary of the appeal decision.

(Effective Date: Section 35 (62Q.70, subdivisions 1 to 3) are effective January 1, 2000.)

Sec. 36. [62Q.71] [NOTICE TO ENROLLEES.]

Each health plan company shall provide to enrollees a clear and concise description of their complaint resolution procedure and the procedure used for utilization review as defined under chapter 62M as part of the member handbook, subscriber contract, or certificate of coverage. The description must specifically inform enrollees:

(1) how to submit a complaint to the health plan company;

(2) if the health plan includes utilization review requirements, how to notify the utilization review organization in a timely manner and how to obtain certification for health care services;

(3) how to request an appeal either through the procedures described in sections 62Q.69 and 62Q.70 or through the procedures described in chapter 62M;

(4) of the right to file a complaint with either the commissioner of health or commerce at any time during the complaint and appeal process;

(5) the toll-free telephone number of the appropriate commissioner;

(6) the telephone number of the office of consumer assistance, advocacy, and information; and

(7) of the right to obtain an external review under section 62Q.73 and a description of when and how that right may be exercised.

(Effective Date: Section 36 (62Q.71) is effective January 1, 2000.)

Sec. 37. [62Q.72] [RECORDKEEPING; REPORTING.]

Subdivision 1. [RECORDKEEPING.] Each health plan company shall maintain records of all enrollee complaints and their resolutions. These records shall be retained for five years and shall be made available to the appropriate commissioner upon request.

Subd. 2. [REPORTING.] Each health plan company shall submit to the appropriate commissioner, as part of the company's annual filing, data on the number and type of complaints that are not resolved within 30 days. A health plan company shall also make this information available to the public upon request.

(Effective Date: Section 37 (62Q.72, subdivisions 1 and 2) are effective January 1, 2000.)

Sec. 38. [62Q.73] [EXTERNAL REVIEW OF ADVERSE DETERMINATIONS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the term defined in this subdivision has the meaning given it.

(b) An adverse determination means:

(1) a complaint decision relating to a health care service or claim that has been appealed in accordance with section 62Q.70 and the appeal decision is partially or wholly adverse to the complainant; or

(2) any initial determination not to certify that has been appealed in accordance with section 62M.06 and the appeal did not reverse the initial determination not to certify.

An adverse determination does not include complaints relating to fraudulent marketing practices or agent misrepresentation.

Subd. 2. [RIGHT TO EXTERNAL REVIEW.] (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination to the commissioner of health if the request involves a health plan company regulated by that commissioner or to the commissioner of commerce if the request involves a health plan company regulated by that commissioner. The written request must be accompanied by a filing fee of $25. The fee may be waived by the commissioner of health or commerce in cases of financial hardship.

(b) Nothing in this section requires the commissioner of health or commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review in excess of the filing fee described in paragraph (a) shall be borne by the health plan company.

Subd. 3. [CONTRACT.] Pursuant to a request for proposal, the commissioner of administration, in consultation with the commissioners of health and commerce, shall contract with an organization or business entity to provide independent external reviews of all adverse determinations submitted for external review. The contract shall ensure that the fees for services rendered in connection with the reviews be reasonable.

Subd. 4. [CRITERIA.] The request for proposal must require that the entity be affiliated with an institution of higher learning and demonstrate:

(1) no conflicts of interest in that it is not owned, a subsidiary of, or affiliated with a health plan company or utilization review organization;

(2) an expertise in dispute resolution;

(3) an expertise in health related law;

(4) an ability to conduct reviews using a variety of procedures depending upon the nature of the dispute;

(5) an ability to provide data to the commissioners of health and commerce on reviews conducted; and

(6) an ability to ensure confidentiality of medical records and other enrollee information.

Subd. 5. [PROCESS.] (a) Upon receiving a request for an external review, the external review entity must provide immediate notice of the review to the enrollee and to the health plan company. Within ten business days of receiving notice of the review the health plan company and the enrollee must provide the external review entity with any information that they wish to be considered. Each party shall be provided an opportunity to present its version of the facts and arguments. An enrollee may be assisted or represented by a person of the enrollee's choice.

(b) As part of the external review process, an independent medical opinion may be sought as necessary. A medical review panel may be used to provide additional technical expertise when the issue presented is complex and clinical guidelines are absent, ambiguous, unclear, or conflicting.

(c) An external review shall be made as soon as practical but in no case later than 40 days after receiving the request for an external review and must promptly send written notice of the decision and the reasons for it to the enrollee, the health plan company, and to the commissioner who is responsible for regulating the health plan company.

Subd. 6. [EFFECTS OF EXTERNAL REVIEW.] A decision rendered under this section shall be nonbinding on the enrollee and binding on the health plan company. The health plan company may seek judicial review of the decision on the grounds that the decision was arbitrary and capricious or involved an abuse of discretion.

Subd. 7. [IMMUNITY FROM CIVIL LIABILITY.] A person who participates in an external review by investigating, reviewing materials, providing technical expertise, or rendering a decision shall not be civilly liable for any action that is taken in good faith, that is within the scope of the person's duties, and that does not constitute willful or reckless misconduct.

Subd. 8. [DATA REPORTING.] The commissioners shall make available to the public, upon request, summary data on the decisions rendered under this section, including the number of reviews heard and decided and the final outcomes. Any data released to the public must not individually identify the enrollee initiating the request for external review.

(Effective Date: Section 38 (62Q.73, subdivisions 1 to 8) are effective January 1, 2000.)

Sec. 39. Minnesota Statutes 1998, section 62T.04, is amended to read:

62T.04 [COMPLAINT SYSTEM.]

Accountable provider networks must establish and maintain an enrollee complaint system as required under ~~section 62Q.105~~ sections 62Q.68 to 62Q.72. The accountable provider network may contract with the health care purchasing alliance or a vendor for operation of this system.

(Effective Date: Section 39 (62T.04) is effective January 1, 2000.)

Sec. 40. Minnesota Statutes 1998, section 72A.201, subdivision 4a, is amended to read:

Subd. 4a. [STANDARDS FOR PREAUTHORIZATION APPROVAL.] If a policy of accident and sickness insurance or a subscriber contract requires preauthorization approval for any nonemergency services or benefits, the decision to approve or disapprove the requested services or benefits must be ~~communicated to the insured or the insured's health care provider within ten business days of the preauthorization request provided that all information reasonably necessary to make a decision on the request has been made available to the insurer~~ processed according to section 62M.07.

(Effective Date: Section 40 (72A.201, subdivision 4a) is effective January 1, 2000.)

Sec. 41. Minnesota Statutes 1998, section 256B.692, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE COMMISSIONER OF HEALTH.] Notwithstanding chapters 62D and 62N, a county that elects to purchase medical assistance and general assistance medical care in return for a fixed sum without regard to the frequency or extent of services furnished to any particular enrollee is not required to obtain a certificate of authority under chapter 62D or 62N. A county that elects to purchase medical assistance and general assistance medical care services under this section must satisfy the commissioner of health that the requirements of chapter 62D, applicable to health maintenance organizations, or chapter 62N, applicable to community integrated service networks, will be met. A county must also assure the commissioner of health that the requirements of sections 62J.041; 62J.48; 62J.71 to 62J.73; 62M.01 to 62M.16; all applicable provisions of chapter 62Q, including sections 62Q.07; 62Q.075; ~~62Q.105,~~ 62Q.1055; 62Q.106; ~~62Q.11,~~ 62Q.12; 62Q.135; 62Q.14; 62Q.145; 62Q.19; 62Q.23, paragraph (c); ~~62Q.30,~~ 62Q.43; 62Q.47; 62Q.50; 62Q.52 to 62Q.56; 62Q.58; 62Q.64; 62Q.68 to 62Q.72; and 72A.201 will be met. All enforcement and rulemaking powers available under chapters 62D, 62J, 62M, 62N, and 62Q are hereby granted to the commissioner of health with respect to counties that purchase medical assistance and general assistance medical care services under this section.

(Effective Date: Section 41 (256B.692, subdivision 2) is effective January 1, 2000.)

Sec. 42. [REPEALER.]

(a) Minnesota Statutes 1998, sections 62D.11, subdivisions 1b and 2; and 62Q.11, are repealed effective January 1, 2000.

(b) Minnesota Statutes 1998, sections 62Q.105 and 62Q.30, are repealed effective July 1, 1999.

(c) Minnesota Rules, parts 4685.0100, subparts 4 and 4a; and 4685.1700, are repealed effective January 1, 2000.

Sec. 43. [EFFECTIVE DATE.]

When preparing the health and human services conference committee report for adoption by the legislature, the revisor shall combine all the effective date notations into this effective date section."

Delete the title and insert:

"A bill for an act relating to health and human services; modifying provisions relating to health; health department; abortions; abortion reporting; human services; human services department; long-term care; medical assistance; general assistance medical care; MinnesotaCare; senior drug program; home and community-based waivers; services for persons with disabilities; medical assistance reimbursement for special education and other services; county-based purchasing; group residential housing; state-operated services; chemical dependency; mental health; Minnesota family investment program; general assistance program; child support enforcement; adoption; recreational licenses; paternity; children in need of protection or services; termination of parental rights; child protection; the regulation of health plan companies and utilization review organizations; veterans nursing homes board; health-related licensing boards; emergency medical services regulatory board; Minnesota state council on disability; ombudsman for mental health and mental retardation; ombudsman for families; modifying fees; providing penalties; requiring reports; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 13.99, by adding a subdivision; 15.059, subdivision 5a; 16C.10, subdivision 5; 31.96; 62D.11, subdivision 1; 62J.04, subdivision 3; 62J.06; 62J.07, subdivisions 1 and 3; 62J.09, subdivision 8; 62J.2930, subdivision 3; 62J.451, subdivisions 6a, 6b, and 6c; 62J.69, by adding subdivisions; 62J.77; 62M.01; 62M.02, subdivisions 3, 4, 5, 6, 7, 9, 10, 11, 12, 17, 20, 21, and by adding a subdivision; 62M.03, subdivisions 1 and 3; 62M.04, subdivisions 1, 2, 3, and 4; 62M.05; 62M.06; 62M.07; 62M.09, subdivision 3; 62M.10, subdivisions 2, 5, and 7; 62M.12; 62M.15; 62Q.03, subdivision 5a; 62Q.075; 62Q.106; 62Q.19, subdivisions 1, 2, 5a, and 6; 62R.06, subdivision 1; 62T.04; 72A.201, subdivision 4a; 122A.09, subdivision 4; 125A.08; 125A.21, subdivision 1; 125A.74, subdivisions 1 and 2; 125A.744, subdivision 3; 125A.76, subdivision 2; 144.121, by adding a subdivision; 144.147; 144.1483; 144.1492,

subdivision 3; 144.413, subdivision 2; 144.414, subdivision 1; 144.4165; 144.56, subdivision 2b; 144.99, subdivision 1, and by adding a subdivision; 144A.073; 144A.10, by adding subdivisions; 144A.4605, subdivision 2; 144D.01, subdivision 4; 145.924; 145.9255, subdivisions 1 and 4; 148.5194; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.32, subdivision 3a; 252.46, subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254A.07, subdivision 2; 254B.01, by adding a subdivision; 254B.02, subdivision 3; 254B.03, subdivisions 1 and 2; 254B.05, subdivision 1; 256.01, subdivisions 2, 6, and by adding a subdivision; 256.014, by adding a subdivision; 256.485; 256.87, subdivision 1a; 256.955, subdivisions 2, 3, 4, 7, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256.978, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, by adding a subdivision; 256B.0575; 256B.0625, subdivisions 6a, 8, 8a, 13, 17, 19c, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, and 12; 256B.0916; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.0951, subdivisions 1 and 3; 256B.0955; 256B.431, subdivision 17, and by adding a subdivision; 256B.434, subdivisions 3 and 13; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a, and by adding a subdivision; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5a, 5b, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, 10, 14, and by adding subdivisions; 256D.03, subdivision 4; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, and 10; 256I.04, subdivision 3; 256I.05, subdivisions 1, 1a, and by adding a subdivision; 256J.02, subdivision 2; 256J.08, subdivisions 11, 65, 82, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, and 9; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 256J.35; 256J.36; 256J.37, subdivisions 1, 1a, 2, 9, and 10; 256J.38, subdivision 4; 256J.39, subdivision 1; 256J.42, subdivisions 1 and 5; 256J.43; 256J.45, subdivision 1, and by adding a subdivision; 256J.46, subdivisions 1, 2, and 2a; 256J.47, subdivision 4; 256J.48, subdivisions 2 and 3; 256J.50, subdivision 1; 256J.515; 256J.52, subdivisions 1, 3, 4, 5, and by adding a subdivision; 256J.54, subdivision 2; 256J.55, subdivision 4; 256J.56; 256J.62, subdivisions 1, 6, 7, 8, 9, and by adding a subdivision; 256J.67, subdivision 4; 256J.74, subdivision 2; 256J.76, subdivisions 1, 2, and 4; 256L.01, subdivision 4; 256L.04, subdivisions 2, 8, and 13; 256L.05, subdivision 4; 256L.06, subdivision 3; 256L.07; 256L.15, subdivisions 1, 1b, and 2; 257.071, subdivisions 1, 1d, and 4; 257.62, subdivision 5; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 7, 9, and 11; 259.29, subdivision 2; 259.67, subdivisions 6 and 7; 259.73; 259.85, subdivisions 2, 3, and 5; 259.89, by adding a subdivision; 260.012; 260.015, subdivisions 13 and 29; 260.131, subdivision 1a; 260.133, subdivision 1; 260.135, by adding a subdivision; 260.155, subdivisions 4 and 8; 260.172, subdivision 1, and by adding a subdivision; 260.181, subdivision 3; 260.191, subdivisions 1 and 3b; 260.192; 260.221, subdivisions 1, 1b, 1c, 3, and 5; 518.10; 518.551, by adding a subdivision; 518.57, subdivision 3; 518.5851, by adding a subdivision; 518.5853, by adding a subdivision; 518.64, subdivision 2; 548.09, subdivision 1; 548.091, subdivisions 1, 1a, 2a, 3a, 4, 10, 11, 12, and by adding a subdivision; and 552.05, subdivision 10; Laws 1995, chapter 178, article 2, section 46, subdivision 10; Laws 1995, chapter 207, articles 3, section 21; and 8, section 41, as amended; Laws 1995, chapter 257, article 1, section 35, subdivision 1; Laws 1997, chapter 225, article 4, section 4; proposing coding for new law in Minnesota Statutes, chapters 62J; 62Q; 127A; 144; 144A; 144E; 145; 145A; 214; 245; 246; 252; 256B; 256J; and 518; repealing Minnesota Statutes 1998, sections 13.99, subdivision 19m; 62D.11, subdivisions 1b and 2; 62J.78; 62J.79; 62Q.105; 62Q.11; 62Q.30; 144.0723; 144.1475; 144.148; 144.9507, subdivision 4; 144.9511; 144A.33; 145.46; 157.011, subdivision 2; 254A.03, subdivision 2; 254A.031; 254A.145; 254A.17, subdivision 1a; 256.973; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256D.053, subdivision 4; 256J.03; 256J.62, subdivisions 2, 3, and 5; 462A.208; 462A.21, subdivision 19; and 548.091, subdivisions 3, 5, and 6; Laws 1997, chapter 85, article 1, section 63; Laws 1997, chapter 203, article 7, section 27; Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4685.0100, subparts 4 and 4a; 4685.1700; and 4688.0030."

The motion prevailed and the amendment was adopted.

Goodno moved to amend S. F. No. 2225, as amended, as follows:

Page 4, after line 20, insert:

"[INDIRECT COSTS NOT TO FUND PROGRAMS.] The commissioner shall not use indirect cost allocations to pay for the operational costs of any program for which the commissioner is responsible."

Page 29, delete line 22

Page 29, delete lines 42 to 57

Page 30, delete lines 1 to 5

Page 30, after line 18, insert:

"Sec. 14. Minnesota Statutes 1998, section 144.05, is amended by adding a subdivision to read:

Subd. 3. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the commissioner transfers operational money between programs under section 16A.285, in addition to the requirements of that section the commissioner must provide the chairs of the legislative committees that have jurisdiction over the agency's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred.

Sec. 15. Minnesota Statutes 1998, section 198.003, is amended by adding a subdivision to read:

Subd. 5. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the board transfers operational money between programs under section 16A.285, in addition to the requirements of that section the board must provide the chairs of the legislative committees that have jurisdiction over the board's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred."

Page 39, after line 25, insert:

"Sec. 16. Minnesota Statutes 1998, section 256.01, is amended by adding a subdivision to read:

Subd. 18. [APPROPRIATION TRANSFERS TO BE REPORTED.] When the commissioner transfers operational money between programs under section 16A.285, in addition to the requirements of that section the commissioner must provide the chairs of the legislative committees that have jurisdiction over the agency's budget with sufficient detail to identify the account to which the money was originally appropriated, and the account to which the money is being transferred."

Renumber the sections in article 1 in sequence

Page 51, lines 24 and 29, delete "104-91" and insert "104-191"

Page 96, line 6, strike "contract"

Page 96, line 7, strike everything before "develop"

Page 96, line 9, strike "attorney general's office" and insert "commissioner of health"

Page 96, line 13, strike everything after the period

Page 96, strike line 14

Page 142, line 19, after "that" insert "a"

Page 195, line 6, delete the new language

Page 195, line 7, delete the new language and strike everything after "individual"

Page 197, lines 19 to 23, reinstate the stricken language

Page 507, after line 12, insert:

"Sec. 2. Minnesota Statutes 1998, section 256.974, is amended to read:

256.974 [OFFICE OF OMBUDSMAN FOR OLDER MINNESOTANS; LOCAL PROGRAMS.]

The ombudsman for older Minnesotans serves in the classified service under section 256.01, subdivision 7, in an office within the Minnesota board on aging that incorporates the long-term care ombudsman program required by the Older Americans Act, Public Law Number 100-75, United States Code, title 42, section 3027(a)(12), and established within the Minnesota board on aging. The Minnesota board on aging may make grants to and designate local programs for the provision of ombudsman services to clients in county or multicounty areas, except that, beginning July 1, 2001, no state dollars may be used to make grants for the provision of ombudsman services regarding in-home health care services. The local program may not be an agency engaged in the provision of nursing home care, hospital care, or home care services either directly or by contract, or have the responsibility for planning, coordinating, funding, or administering nursing home care, hospital care, or home care services."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Goodno moved to amend S. F. No. 2225, as amended, as follows:

Pages 507 to 536, delete article 11 and insert:

"ARTICLE 11

HEALTH PLAN COMPANY REGULATION

Section 1. Minnesota Statutes 1998, section 62D.11, subdivision 1, is amended to read:

Subdivision 1. [ENROLLEE COMPLAINT SYSTEM.] Every health maintenance organization shall establish and maintain a complaint system, as required under ~~section 62Q.105~~ sections 62Q.68 to 62Q.72 to provide reasonable procedures for the resolution of written complaints initiated by or on behalf of enrollees concerning the provision of health care services. ~~"Provision of health services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. The health maintenance organization must inform enrollees that they may choose to use arbitration to appeal a health maintenance organization's internal appeal decision. The health maintenance organization must also inform enrollees that they have the right to use arbitration to appeal a health maintenance organization's internal appeal decision not to certify an admission, procedure, service, or extension of stay under section 62M.06. If an enrollee chooses to use arbitration, the health maintenance organization must participate.~~

(Effective Date: Section 1 (62D.11, subdivision 1) is effective July 1, 2000.)

Sec. 2. Minnesota Statutes 1998, section 62M.01, is amended to read:

62M.01 [CITATION, JURISDICTION, AND SCOPE.]

Subdivision 1. [POPULAR NAME.] Sections 62M.01 to 62M.16 may be cited as the "Minnesota Utilization Review Act of 1992."

Subd. 2. [JURISDICTION.] Sections 62M.01 to 62M.16 apply to any insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, that provides utilization review services for the administration of benefits under a health benefit plan as defined in section 62M.02; or any entity performing utilization review on behalf of a business entity in this state pursuant to a health benefit plan covering a Minnesota resident.

Subd. 3. [SCOPE.] ~~Sections 62M.02, 62M.07, and 62M.09, subdivision 4, apply to prior authorization of services.~~ Nothing in sections 62M.01 to 62M.16 applies to review of claims after submission to determine eligibility for benefits under a health benefit plan. The appeal procedure described in section 62M.06 applies to any complaint as defined under section 62Q.68, subdivision 2, that requires a medical determination in its resolution.

(Effective Date: Section 2 (62M.01, subdivisions 2 and 3) is effective July 1, 2000.)

Sec. 3. Minnesota Statutes 1998, section 62M.02, subdivision 3, is amended to read:

Subd. 3. [ATTENDING DENTIST.] "Attending dentist" means the dentist with primary responsibility for the dental care provided to ~~a patient~~ an enrollee.

(Effective Date: Section 3 (62M.02, subdivision 3) is effective July 1, 2000.)

Sec. 4. Minnesota Statutes 1998, section 62M.02, subdivision 4, is amended to read:

Subd. 4. [ATTENDING ~~PHYSICIAN~~ HEALTH CARE PROFESSIONAL.] "Attending ~~physician~~ health care professional" means the ~~physician~~ health care professional with primary responsibility for the care provided to ~~a patient in a hospital or other health care facility~~ an enrollee and shall include only physicians; chiropractors; dentists; mental health professionals as defined in section 245.462, subdivision 18, or section 245.4871, subdivision 27; podiatrists; and advanced practice nurses.

(Effective Date: Section 4 (62M.02, subdivision 4) is effective July 1, 2000.)

Sec. 5. Minnesota Statutes 1998, section 62M.02, subdivision 5, is amended to read:

Subd. 5. [CERTIFICATION.] "Certification" means a determination by a utilization review organization that an admission, extension of stay, or other health care service has been reviewed and that it, based on the information provided, meets the utilization review requirements of the applicable health plan and the health ~~carrier~~ plan company will then pay for the covered benefit, provided the preexisting limitation provisions, the general exclusion provisions, and any deductible, copayment, coinsurance, or other policy requirements have been met.

(Effective Date: Section 5 (62M.02, subdivision 5) is effective July 1, 2000.)

Sec. 6. Minnesota Statutes 1998, section 62M.02, subdivision 6, is amended to read:

Subd. 6. [CLAIMS ADMINISTRATOR.] "Claims administrator" means an entity that reviews and determines whether to pay claims to enrollees~~, physicians, hospitals, or others~~ or providers based on the contract provisions of the health plan contract. Claims administrators may include insurance companies licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended.

(Effective Date: Section 6 (62M.02, subdivision 6) is effective July 1, 2000.)

Sec. 7. Minnesota Statutes 1998, section 62M.02, subdivision 7, is amended to read:

Subd. 7. [CLAIMANT.] "Claimant" means the enrollee ~~or covered person~~ who files a claim for benefits or a provider of services who, pursuant to a contract with a claims administrator, files a claim on behalf of an enrollee or covered person.

(Effective Date: Section 7 (62M.02, subdivision 7) is effective July 1, 2000.)

Sec. 8. Minnesota Statutes 1998, section 62M.02, subdivision 9, is amended to read:

Subd. 9. [CONCURRENT REVIEW.] "Concurrent review" means utilization review conducted during ~~a patient's~~ an enrollee's hospital stay or course of treatment and has the same meaning as continued stay review.

(Effective Date: Section 8 (62M.02, subdivision 9) is effective July 1, 2000.)

Sec. 9. Minnesota Statutes 1998, section 62M.02, subdivision 10, is amended to read:

Subd. 10. [DISCHARGE PLANNING.] "Discharge planning" means the process that assesses ~~a patient's~~ an enrollee's need for treatment after hospitalization in order to help arrange for the necessary services and resources to effect an appropriate and timely discharge.

(Effective Date: Section 9 (62M.02, subdivision 10) is effective July 1, 2000.)

Sec. 10. Minnesota Statutes 1998, section 62M.02, subdivision 11, is amended to read:

Subd. 11. [ENROLLEE.] "Enrollee" means an individual ~~who has elected to contract for, or participate in, a health benefit plan for enrollee coverage or for dependent coverage~~ covered by a health benefit plan and includes an insured policyholder, subscriber contract holder, member, covered person, or certificate holder.

(Effective Date: Section 10 (62M.02, subdivision 11) is effective July 1, 2000.)

Sec. 11. Minnesota Statutes 1998, section 62M.02, subdivision 12, is amended to read:

Subd. 12. [HEALTH BENEFIT PLAN.] "Health benefit plan" means a policy, contract, or certificate issued by a health ~~carrier to an employer or individual~~ plan company for the coverage of medical, dental, or hospital benefits. A health benefit plan does not include coverage that is:

(1) limited to disability or income protection coverage;

(2) automobile medical payment coverage;

(3) supplemental to liability insurance;

(4) designed solely to provide payments on a per diem, fixed indemnity, or nonexpense incurred basis;

(5) credit accident and health insurance issued under chapter 62B;

(6) blanket accident and sickness insurance as defined in section 62A.11;

(7) accident only coverage issued by a licensed and tested insurance agent; or

(8) workers' compensation.

(Effective Date: Section 11 (62M.02, subdivision 12) is effective July 1, 2000.)

Sec. 12. Minnesota Statutes 1998, section 62M.02, is amended by adding a subdivision to read:

Subd. 12a. [HEALTH PLAN COMPANY.] "Health plan company" means a health plan company as defined in section 62Q.01, subdivision 4, and includes an accountable provider network operating under chapter 62T.

(Effective Date: Section 12 (62M.02, subdivision 12a) is effective July 1, 2000.)

Sec. 13. Minnesota Statutes 1998, section 62M.02, subdivision 17, is amended to read:

Subd. 17. [PROVIDER.] "Provider" means a licensed health care facility, physician, or other health care professional that delivers health care services to an enrollee ~~or covered person~~.

(Effective Date: Section 13 (62M.02, subdivision 17) is effective July 1, 2000.)

Sec. 14. Minnesota Statutes 1998, section 62M.02, subdivision 20, is amended to read:

Subd. 20. [UTILIZATION REVIEW.] "Utilization review" means the evaluation of the necessity, appropriateness, and efficacy of the use of health care services, procedures, and facilities, by a person or entity other than the attending ~~physician~~ health care professional, for the purpose of determining the medical necessity of the service or admission. Utilization review also includes review conducted after the admission of the enrollee. It includes situations where the enrollee is unconscious or otherwise unable to provide advance notification. ~~Utilization review does not include the imposition of a requirement that services be received by or upon referral from a participating provider.~~

(Effective Date: Section 14 (62M.02, subdivision 20) is effective July 1, 2000.)

Sec. 15. Minnesota Statutes 1998, section 62M.02, subdivision 21, is amended to read:

Subd. 21. [UTILIZATION REVIEW ORGANIZATION.] "Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and determines certification of an admission, extension of stay, or other health care services for a Minnesota resident; or any entity performing utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state.

(Effective Date: Section 15 (62M.02, subdivision 21) is effective July 1, 2000.)

Sec. 16. Minnesota Statutes 1998, section 62M.03, subdivision 1, is amended to read:

Subdivision 1. [LICENSED UTILIZATION REVIEW ORGANIZATION.] Beginning January 1, 1993, any organization that meets the definition of utilization review organization in section 62M.02, subdivision 21, must be licensed under chapter 60A, 62C, 62D, 62N, 62T, or 64B, or registered under this chapter and must comply with sections 62M.01 to 62M.16 and section 72A.201, subdivisions 8 and 8a. Each licensed community integrated service network or health maintenance organization that has an employed staff model of providing health care services shall comply with sections 62M.01 to 62M.16 and section 72A.201, subdivisions 8 and 8a, for any services provided by providers under contract.

(Effective Date: Section 16 (62M.03, subdivision 1) is effective July 1, 2000.)

Sec. 17. Minnesota Statutes 1998, section 62M.03, subdivision 3, is amended to read:

Subd. 3. [PENALTIES AND ENFORCEMENTS.] If a utilization review organization fails to comply with sections 62M.01 to 62M.16, the organization may not provide utilization review services for any Minnesota resident. The commissioner of commerce may issue a cease and desist order under section 45.027, subdivision 5, to enforce this provision. The cease and desist order is subject to appeal under chapter 14. A nonlicensed utilization review organization that fails to comply with the provisions of sections 62M.01 to 62M.16 is subject to all applicable penalty and enforcement provisions of section 72A.201. Each utilization review organization licensed under chapter 60A, 62C, 62D, 62N, 62T, or 64B shall comply with sections 62M.01 to 62M.16 as a condition of licensure.

(Effective Date: Section 17 (62M.03, subdivision 3) is effective July 1, 2000.)

Sec. 18. Minnesota Statutes 1998, section 62M.04, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY FOR OBTAINING CERTIFICATION.] A health benefit plan that includes utilization review requirements must specify the process for notifying the utilization review organization in a timely manner and obtaining certification for health care services. Each health plan company must provide a clear and concise description of this process to an enrollee as part of the policy, subscriber contract, or certificate of coverage. In addition to the enrollee, the utilization review organization must allow any ~~licensed hospital, physician or the physician's~~ provider or provider's designee, or responsible patient representative, including a family member, to fulfill the obligations under the health plan.

A claims administrator that contracts directly with providers for the provision of health care services to enrollees may, through contract, require the provider to notify the review organization in a timely manner and obtain certification for health care services.

(Effective Date: Section 18 (62M.04, subdivision 1) is effective July 1, 2000.)

Sec. 19. Minnesota Statutes 1998, section 62M.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION UPON WHICH UTILIZATION REVIEW IS CONDUCTED.] If the utilization review organization is conducting routine prospective and concurrent utilization review, utilization review organizations must collect only the information necessary to certify the admission, procedure of treatment, and length of stay.

(a) Utilization review organizations may request, but may not require~~, hospitals, physicians, or other~~ providers to supply numerically encoded diagnoses or procedures as part of the certification process.

(b) Utilization review organizations must not routinely request copies of medical records for all patients reviewed. In performing prospective and concurrent review, copies of the pertinent portion of the medical record should be required only when a difficulty develops in certifying the medical necessity or appropriateness of the admission or extension of stay.

(c) Utilization review organizations may request copies of medical records retrospectively for a number of purposes, including auditing the services provided, quality assurance review, ensuring compliance with the terms of either the health benefit plan or the provider contract, and compliance with utilization review activities. Except for reviewing medical records associated with an appeal or with an investigation or audit of data discrepancies, ~~health care~~ providers must be reimbursed for the reasonable costs of duplicating records requested by the utilization review organization for retrospective review unless otherwise provided under the terms of the provider contract.

(Effective Date: Section 19 (62M.04, subdivision 2) is effective July 1, 2000.)

Sec. 20. Minnesota Statutes 1998, section 62M.04, subdivision 3, is amended to read:

Subd. 3. [DATA ELEMENTS.] Except as otherwise provided in sections 62M.01 to 62M.16, for purposes of certification a utilization review organization must limit its data requirements to the following elements:

(a) Patient information that includes the following:

(1) name;

(2) address;

(3) date of birth;

(4) sex;

(5) social security number or patient identification number;

(6) name of health ~~carrier~~ plan company or health plan; and

(7) plan identification number.

(b) Enrollee information that includes the following:

(1) name;

(2) address;

(3) social security number or employee identification number;

(4) relation to patient;

(5) employer;

(6) health benefit plan;

(7) group number or plan identification number; and

(8) availability of other coverage.

(c) Attending ~~physician or provider~~ health care professional information that includes the following:

(1) name;

(2) address;

(3) telephone numbers;

(4) degree and license;

(5) specialty or board certification status; and

(6) tax identification number or other identification number.

(d) Diagnosis and treatment information that includes the following:

(1) primary diagnosis with associated ICD or DSM coding, if available;

(2) secondary diagnosis with associated ICD or DSM coding, if available;

(3) tertiary diagnoses with associated ICD or DSM coding, if available;

(4) proposed procedures or treatments with ICD or associated CPT codes, if available;

(5) surgical assistant requirement;

(6) anesthesia requirement;

(7) proposed admission or service dates;

(8) proposed procedure date; and

(9) proposed length of stay.

(e) Clinical information that includes the following:

(1) support and documentation of appropriateness and level of service proposed; and

(2) identification of contact person for detailed clinical information.

(f) Facility information that includes the following:

(1) type;

(2) licensure and certification status and DRG exempt status;

(3) name;

(4) address;

(5) telephone number; and

(6) tax identification number or other identification number.

(g) Concurrent or continued stay review information that includes the following:

(1) additional days, services, or procedures proposed;

(2) reasons for extension, including clinical information sufficient for support of appropriateness and level of service proposed; and

(3) diagnosis status.

(h) For admissions to facilities other than acute medical or surgical hospitals, additional information that includes the following:

(1) history of present illness;

(2) patient treatment plan and goals;

(3) prognosis;

(4) staff qualifications; and

(5) 24-hour availability of staff.

Additional information may be required for other specific review functions such as discharge planning or catastrophic case management. Second opinion information may also be required, when applicable, to support benefit plan requirements.

(Effective Date: Section 20 (62M.04, subdivision 3) is effective July 1, 2000.)

Sec. 21. Minnesota Statutes 1998, section 62M.04, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL INFORMATION.] A utilization review organization may request information in addition to that described in subdivision 3 when there is significant lack of agreement between the utilization review organization and the ~~health care~~ provider regarding the appropriateness of certification during the review or appeal process. For purposes of this subdivision, "significant lack of agreement" means that the utilization review organization has:

(1) tentatively determined through its professional staff that a service cannot be certified;

(2) referred the case to a physician for review; and

(3) talked to or attempted to talk to the attending ~~physician~~ health care professional for further information.

Nothing in sections 62M.01 to 62M.16 prohibits a utilization review organization from requiring submission of data necessary to comply with the quality assurance and utilization review requirements of chapter 62D or other appropriate data or outcome analyses.

(Effective Date: Section 21 (62M.04, subdivision 4) is effective July 1, 2000.)

Sec. 22. Minnesota Statutes 1998, section 62M.05, is amended to read:

62M.05 [PROCEDURES FOR REVIEW DETERMINATION.]

Subdivision 1. [WRITTEN PROCEDURES.] A utilization review organization must have written procedures to ensure that reviews are conducted in accordance with the requirements of this chapter ~~and section 72A.201, subdivision 4a~~.

Subd. 2. [CONCURRENT REVIEW.] A utilization review organization may review ongoing inpatient stays based on the severity or complexity of the ~~patient's~~ enrollee's condition or on necessary treatment or discharge planning activities. Such review must not be consistently conducted on a daily basis.

Subd. 3. [NOTIFICATION OF DETERMINATIONS.] A utilization review organization must have written procedures for providing notification of its determinations on all certifications in accordance with ~~the following.~~ this section.

Subd. 3a. [STANDARD REVIEW DETERMINATION.] (a) Notwithstanding subdivision 3b, an initial determination on all requests for utilization review must be communicated to the provider and enrollee in accordance with this subdivision within ten business days of the request, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization.

(b) When an initial determination is made to certify, notification must be provided promptly by telephone to the provider. The utilization review organization shall send written notification to the ~~hospital, attending physician, or applicable service provider within ten business days of the determination in accordance with section 72A.201, subdivision 4a,~~ provider or shall maintain an audit trail of the determination and telephone notification. For purposes of this subdivision, "audit trail" includes documentation of the telephone notification, including the date; the name of the person spoken to; the enrollee ~~or patient~~; the service, procedure, or admission certified; and the date of the service, procedure, or admission. If the utilization review organization indicates certification by use of a number, the number must be called the "certification number."

~~(b)~~ (c) When ~~a~~ an initial determination is made not to certify ~~a hospital or surgical facility admission or extension of a hospital stay, or other service requiring review determination~~, notification must be provided by telephone within one working day after making the ~~decision~~ determination to the attending ~~physician~~ health care professional and hospital ~~must be notified by telephone~~ and a written notification must be sent to the hospital, attending ~~physician~~ health care professional, and enrollee ~~or patient~~. The written notification must include the principal reason or reasons for the determination and the process for initiating an appeal of the determination. Upon request, the utilization review organization shall provide the ~~attending physician or~~ provider or enrollee with the criteria used to determine the necessity, appropriateness, and efficacy of the health care service and identify the database, professional treatment parameter, or other basis for the criteria. Reasons for a determination not to certify may include, among other things, the lack of adequate information to certify after a reasonable attempt has been made to contact the ~~attending physician~~ provider or enrollee.

(d) When an initial determination is made not to certify, the written notification must inform the enrollee and the attending health care professional of the right to submit an appeal to the internal appeal process described in section 62M.06 and the procedure for initiating the internal appeal.

Subd. 3b. [EXPEDITED REVIEW DETERMINATION.] (a) An expedited initial determination must be utilized if the attending health care professional believes that an expedited determination is warranted.

(b) Notification of an expedited initial determination to either certify or not to certify must be provided to the hospital, the attending health care professional, and the enrollee as expeditiously as the enrollee's medical condition requires, but no later than 72 hours from the initial request. When an expedited initial determination is made not to certify, the utilization review organization must also notify the enrollee and the attending health care professional of the right to submit an appeal to the expedited internal appeal as described in section 62M.06 and the procedure for initiating an internal expedited appeal.

Subd. 4. [FAILURE TO PROVIDE NECESSARY INFORMATION.] A utilization review organization must have written procedures to address the failure of a ~~health care~~ provider~~, patient, or representative of either~~ or enrollee to provide the necessary information for review. If the ~~patient~~ enrollee or provider will not release the necessary information to the utilization review organization, the utilization review organization may deny certification in accordance with its own policy or the policy described in the health benefit plan.

Subd. 5. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] If the utilization review organization and the claims administrator are separate entities, the utilization review organization must forward, electronically or in writing, a notification of certification or determination not to certify to the appropriate claims administrator for the health benefit plan.

(Effective Date: Section 22 (62M.05, subdivisions 1 to 5) are effective July 1, 2000.)

Sec. 23. Minnesota Statutes 1998, section 62M.06, is amended to read:

62M.06 [APPEALS OF DETERMINATIONS NOT TO CERTIFY.]

Subdivision 1. [PROCEDURES FOR APPEAL.] A utilization review organization must have written procedures for appeals of determinations not to certify ~~an admission, procedure, service, or extension of stay~~. The right to appeal must be available to the enrollee ~~or designee~~ and to the attending ~~physician~~ health care professional. ~~The right of appeal must be communicated to the enrollee or designee or to the attending physician, whomever initiated the original certification request, at the time that the original determination is communicated.~~

Subd. 2. [EXPEDITED APPEAL.] (a) When an initial determination not to certify a health care service is made prior to or during an ongoing service requiring review~~,~~ and the attending ~~physician~~ health care professional believes that the determination warrants ~~immediate~~ an expedited appeal, the utilization review organization must ensure that the enrollee and the attending ~~physician, enrollee, or designee has~~ health care professional have an opportunity to appeal the determination over the telephone on an expedited basis. In such an appeal, the utilization review organization must ensure reasonable access to its consulting physician or health care provider. ~~Expedited appeals that are not resolved may be resubmitted through the standard appeal process.~~

(b) The utilization review organization shall notify the enrollee and attending health care professional by telephone of its determination on the expedited appeal as expeditiously as the enrollee's medical condition requires, but no later than 72 hours after receiving the expedited appeal.

(c) If the determination not to certify is not reversed through the expedited appeal, the utilization review organization must include in its notification the right to submit the appeal to the external appeal process described in section 62Q.73 and the procedure for initiating the process. This information must be provided in writing to the enrollee and the attending health care professional as soon as practical.

Subd. 3. [STANDARD APPEAL.] The utilization review organization must establish procedures for appeals to be made either in writing or by telephone.

(a) ~~Each~~ A utilization review organization shall notify in writing the enrollee ~~or patient~~, attending ~~physician~~ health care professional, and claims administrator of its determination on the appeal ~~as soon as practical, but in no case later than 45 days after receiving the required documentation on the appeal~~ within 30 days upon receipt of the notice of appeal. If the utilization review organization cannot make a determination within 30 days due to circumstances outside the control of the utilization review organization, the utilization review organization may take up to 14 additional days to notify the enrollee, attending health care professional, and claims administrator of its determination. If the utilization review organization takes any additional days beyond the initial 30-day period to make its determination, it must inform the enrollee, attending health care professional, and claims administrator, in advance, of the extension and the reasons for the extension.

(b) The documentation required by the utilization review organization may include copies of part or all of the medical record and a written statement from the attending health care ~~provider~~ professional.

(c) Prior to upholding the ~~original decision~~ initial determination not to certify for clinical reasons, the utilization review organization shall conduct a review of the documentation by a physician who did not make the ~~original~~ initial determination not to certify.

(d) The process established by a utilization review organization may include defining a period within which an appeal must be filed to be considered. The time period must be communicated to the ~~patient,~~ enrollee~~, or~~ and attending ~~physician~~ health care professional when the initial determination is made.

(e) An attending ~~physician~~ health care professional or enrollee who has been unsuccessful in an attempt to reverse a determination not to certify shall, consistent with section 72A.285, be provided the following:

(1) a complete summary of the review findings;

(2) qualifications of the reviewers, including any license, certification, or specialty designation; and

(3) the relationship between the enrollee's diagnosis and the review criteria used as the basis for the decision, including the specific rationale for the reviewer's decision.

(f) In cases of appeal to reverse a determination not to certify for clinical reasons, the utilization review organization must, upon request of the attending ~~physician~~ health care professional, ensure that a physician of the utilization review organization's choice in the same or a similar general specialty as typically manages the medical condition, procedure, or treatment under discussion is reasonably available to review the case.

(g) If the initial determination is not reversed on appeal, the utilization review organization must include in its notification the right to submit the appeal to the external review process described in section 62Q.73 and the procedure for initiating the external process.

Subd. 4. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] If the utilization review organization and the claims administrator are separate entities, the utilization review organization must ~~forward~~ notify, either electronically or in writing, ~~a notification of certification or determination not to certify to~~ the appropriate claims administrator for the health benefit plan of any determination not to certify that is reversed on appeal.

(Effective Date: Section 23 (62M.06, subdivisions 1 to 4) are effective July 1, 2000.)

Sec. 24. Minnesota Statutes 1998, section 62M.07, is amended to read:

62M.07 [PRIOR AUTHORIZATION OF SERVICES.]

(a) Utilization review organizations conducting prior authorization of services must have written standards that meet at a minimum the following requirements:

(1) written procedures and criteria used to determine whether care is appropriate, reasonable, or medically necessary;

(2) a system for providing prompt notification of its determinations to enrollees and providers and for notifying the provider, enrollee, or enrollee's designee of appeal procedures under clause (4);

(3) compliance with section ~~72A.201~~ 62M.05, subdivision ~~4a~~ 3a, regarding time frames for approving and disapproving prior authorization requests;

(4) written procedures for appeals of denials of prior authorization which specify the responsibilities of the enrollee and provider, and which meet the requirements of ~~section~~ sections 62M.06 and 72A.285, regarding release of summary review findings; and

(5) procedures to ensure confidentiality of patient-specific information, consistent with applicable law.

(b) No utilization review organization, health plan company, or claims administrator may conduct or require prior authorization of emergency confinement or emergency treatment. The enrollee or the enrollee's authorized representative may be required to notify the health plan company, claims administrator, or utilization review organization as soon after the beginning of the emergency confinement or emergency treatment as reasonably possible.

(Effective Date: Section 24 (62M.07) is effective July 1, 2000.)

Sec. 25. Minnesota Statutes 1998, section 62M.09, subdivision 3, is amended to read:

Subd. 3. [PHYSICIAN REVIEWER INVOLVEMENT.] A physician must review all cases in which the utilization review organization has concluded that a determination not to certify for clinical reasons is appropriate. The physician should be reasonably available by telephone to discuss the determination with the attending ~~physician~~ health care professional. This subdivision does not apply to outpatient mental health or substance abuse services governed by subdivision 3a.

(Effective Date: Section 25 (62M.09, subdivision 3) is effective July 1, 2000.)

Sec. 26. Minnesota Statutes 1998, section 62M.10, subdivision 2, is amended to read:

Subd. 2. [REVIEWS DURING NORMAL BUSINESS HOURS.] A utilization review organization must conduct its telephone reviews, on-site reviews, and hospital communications during ~~hospitals' and physicians'~~ reasonable and normal business hours, unless otherwise mutually agreed.

(Effective Date: Section 26 (62M.10, subdivision 2) is effective July 1, 2000.)

Sec. 27. Minnesota Statutes 1998, section 62M.10, subdivision 5, is amended to read:

Subd. 5. [ORAL REQUESTS FOR INFORMATION.] Utilization review organizations shall orally inform, upon request, designated hospital personnel or the attending ~~physician~~ health care professional of the utilization review requirements of the specific health benefit plan and the general type of criteria used by the review agent. Utilization review organizations should also orally inform, upon request, ~~hospitals, physicians, and other health care professionals~~ a provider of the operational procedures in order to facilitate the review process.

(Effective Date: Section 27 (62M.10, subdivision 5) is effective July 1, 2000.)

Sec. 28. Minnesota Statutes 1998, section 62M.10, subdivision 7, is amended to read:

Subd. 7. [AVAILABILITY OF CRITERIA.] Upon request, a utilization review organization shall provide to an enrollee or to ~~an attending physician or~~ a provider the criteria used for a specific procedure to determine the necessity, appropriateness, and efficacy of that procedure and identify the database, professional treatment guideline, or other basis for the criteria.

(Effective Date: Section 28 (62M.10, subdivision 7) is effective July 1, 2000.)

Sec. 29. Minnesota Statutes 1998, section 62M.12, is amended to read:

62M.12 [PROHIBITION OF INAPPROPRIATE INCENTIVES.]

No individual who is performing utilization review may receive any financial incentive based on the number of denials of certifications made by such individual, provided that utilization review organizations may establish medically appropriate performance standards. This prohibition does not apply to financial incentives established between health ~~plans~~ plan companies and ~~their~~ providers.

(Effective Date: Section 29 (62M.12) is effective July 1, 2000.)

Sec. 30. Minnesota Statutes 1998, section 62M.15, is amended to read:

62M.15 [APPLICABILITY OF OTHER CHAPTER REQUIREMENTS.]

The requirements of this chapter regarding the conduct of utilization review are in addition to any specific requirements contained in chapter 62A, 62C, 62D, 62Q, 62T, or 72A.

(Effective Date: Section 30 (62M.15) is effective July 1, 2000.)

Sec. 31. Minnesota Statutes 1998, section 62Q.106, is amended to read:

62Q.106 [DISPUTE RESOLUTION BY COMMISSIONER.]

A complainant may at any time submit a complaint to the appropriate commissioner to investigate. After investigating a complaint, or reviewing a company's decision, the appropriate commissioner may order a remedy as authorized under ~~section 62Q.30 or~~ chapter 45, 60A, or 62D.

(Effective Date: Section 31 (62Q.106) is effective July 1, 2000.)

Sec. 32. Minnesota Statutes 1998, section 62Q.19, subdivision 5a, is amended to read:

Subd. 5a. [COOPERATION.] Each health plan company and essential community provider shall cooperate to facilitate the use of the essential community provider by the high risk and special needs populations. This includes cooperation on the submission and processing of claims, sharing of all pertinent records and data, including performance indicators and specific outcomes data, and the use of all dispute resolution methods ~~as defined in section 62Q.11, subdivision 1~~.

(Effective Date: Section 32 (62Q.19, subdivision 5a) is effective July 1, 2000.)

Sec. 33. [62Q.68] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For purposes of sections 62Q.68 to 62Q.72, the terms defined in this section have the meanings given them.

Subd. 2. [COMPLAINT.] "Complaint" means any grievance against a health plan company that is not the subject of litigation and that has been submitted by a complainant to a health plan company regarding the provision of health services including, but not limited to, the scope of coverage for health care services; retrospective denials or limitations of payment for services; eligibility issues; denials, cancellations, or nonrenewals of coverage; administrative operations; and the quality, timeliness, and appropriateness of health care services rendered. If the complaint is from an applicant, the complaint must relate to the application. If the complaint is from a former enrollee, the complaint must relate to services received during the period of time the individual was an enrollee. Any complaint requiring a medical determination in its resolution must have the medical determination aspect of the complaint processed under the appeal procedure described in section 62M.06.

Subd. 3. [COMPLAINANT.] "Complainant" means an enrollee, applicant, or former enrollee, or anyone acting on behalf of an enrollee, applicant, or former enrollee who submits a complaint.

(Effective Date: Section 33 (62Q.68, subdivisions 1 to 3) are effective July 1, 2000.)

Sec. 34. [62Q.681] [APPLICATION.]

(a) Sections 62Q.69 and 62Q.70 do not apply to governmental programs. For purposes of this section, "governmental programs" means the medical assistance program, the MinnesotaCare program, the general assistance medical care program, and the federal Medicare program.

(b) For purposes of sections 62Q.69 and 62Q.70, the term "health plan company" does not include an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01 or a nonprofit health service plan corporation regulated under chapter 62C that only provides dental coverage or vision coverage.

(Effective Date: Section 34 (62Q.681) is effective July 1, 2000.)

Sec. 35. [62Q.69] [COMPLAINT RESOLUTION.]

Subdivision 1. [ESTABLISHMENT.] Each health plan company must establish and maintain an internal complaint resolution process that meets the requirements of this section to provide for the resolution of a complaint initiated by a complainant.

Subd. 2. [PROCEDURES FOR FILING A COMPLAINT.] (a) A complainant may submit a complaint to a health plan company either by telephone or in writing. If a complaint is submitted orally and the resolution of the complaint, as determined by the complainant, is partially or wholly adverse to the complainant, or the oral complaint is not resolved to the satisfaction of the complainant, by the health plan company within ten days of receiving the complaint, the health plan company must inform the complainant that the complaint may be submitted in writing. If the complainant wants to submit in writing a complaint that was previously submitted orally and so informs the health plan company, the health plan company must complete the complaint form and promptly mail the completed form to the complainant for the complainant's signature. The complaint form must include the following information:

(1) the telephone number of the office of health care consumer assistance, advocacy, and information, and the health plan company member services or other departments or persons equipped to advise complainants on complaint resolution;

(2) the address to which the form must be sent;

(3) a description of the health plan company's internal complaint procedure and the applicable time limits; and

(4) the toll-free telephone number of either the commissioner of health or commerce and notification that the complainant has the right to submit the complaint at any time to the appropriate commissioner for investigation.

(b) Upon receipt of a written complaint, the health plan company must notify the complainant within ten business days that the complaint was received, unless the complaint is resolved to the satisfaction of the complainant within the ten business days.

(c) At the complainant's request, a health plan company must provide a complainant with any assistance needed to submit a written complaint.

(d) Each health plan company must provide, in the member handbook, subscriber contract, or certification of coverage, a clear and concise description of how to submit a complaint and a statement that, upon request, assistance in submitting a written complaint is available from the health plan company.

Subd. 3. [NOTIFICATION OF COMPLAINT DECISIONS.] (a) The health plan company must notify the complainant in writing of its decision and the reasons for it as soon as practical but in no case later than 30 days after receipt of a written complaint. If the health plan company cannot make a decision within 30 days due to circumstances outside the control of the health plan company, the health plan company may take up to 14 additional days to notify the complainant of its decision. If the health plan company takes any additional days beyond the initial 30-day period to make its decision, it must inform the complainant, in advance, of the extension and the reasons for the extension.

(b) If the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to appeal the decision to the health plan company's internal appeal process described in section 62Q.70 and the procedure for initiating an appeal.

(c) The notification must also inform the complainant of the right to submit the complaint at any time to either the commissioner of health or commerce for investigation and the toll-free telephone number of the appropriate commissioner.

(Effective Date: Section 34 (62Q.69, subdivisions 1 to 3) are effective July 1, 2000.)

Sec. 36. [62Q.70] [APPEAL OF THE COMPLAINT DECISION.]

Subdivision 1. [ESTABLISHMENT.] (a) Each health plan company shall establish an internal appeal process for reviewing a health plan company's decision regarding a complaint filed in accordance with section 62Q.69. The appeal process must meet the requirements of this section.

(b) The person or persons with authority to resolve or recommend the resolution of the internal appeal must not be solely the same person or persons who made the complaint decision under section 62Q.69.

(c) The internal appeal process must permit the receipt of testimony, correspondence, explanations, or other information from the complainant, staff persons, administrators, providers, or other persons as deemed necessary by the person or persons investigating or presiding over the appeal.

Subd. 2. [PROCEDURES FOR FILING AN APPEAL.] If a complainant notifies the health plan company of the complainant's desire to appeal the health plan company's decision regarding the complaint through the internal appeal process, the health plan company must provide the complainant the option for the appeal to occur either in writing or by hearing.

Subd. 3. [NOTIFICATION OF APPEAL DECISIONS.] (a) If a complainant appeals in writing, the health plan company must give the complainant written notice of the appeal decision and all key findings within 30 days of the health plan company's receipt of the complainant's written reconsideration materials. If a complainant appeals by hearing, the health plan company must give the complainant written notice of the appeal decision and all key findings within 45 days of the hearing.

(b) If the appeal decision is partially or wholly adverse to the complainant, the notice must advise the complainant of the right to submit the appeal decision to the external review process described in section 62Q.73 and the procedure for initiating the external process.

(c) Upon the request of the complainant, the health plan company must provide the complainant with a complete summary of the appeal decision.

(Effective Date: Section 35 (62Q.70, subdivisions 1 to 3) are effective July 1, 2000.)

Sec. 37. [62Q.71] [NOTICE TO ENROLLEES.]

Each health plan company shall provide to enrollees a clear and concise description of its complaint resolution procedure, as applicable under section 62Q.681, and of the procedure used for utilization review as defined under chapter 62M as part of the member handbook, subscriber contract, or certificate of coverage. If the health plan company does not issue a member handbook, the health plan company may provide the description in another written document. The description must specifically inform enrollees:

(1) how to submit a complaint to the health plan company;

(2) if the health plan includes utilization review requirements, how to notify the utilization review organization in a timely manner and how to obtain certification for health care services;

(3) how to request an appeal either through the procedures described in sections 62Q.69 and 62Q.70 or through the procedures described in chapter 62M;

(4) of the right to file a complaint with either the commissioner of health or commerce at any time during the complaint and appeal process;

(5) the toll-free telephone number of the appropriate commissioner;

(6) the telephone number of the office of consumer assistance, advocacy, and information; and

(7) of the right to obtain an external review under section 62Q.73 and a description of when and how those rights may be exercised.

(Effective Date: Section 36 (62Q.71) is effective July 1, 2000.)

Sec. 38. [62Q.72] [RECORDKEEPING; REPORTING.]

Subdivision 1. [RECORDKEEPING.] Each health plan company shall maintain records of all enrollee complaints and their resolutions. These records shall be retained for five years and shall be made available to the appropriate commissioner upon request. An insurance company licensed under chapter 60A may instead comply with section 72A.20, subdivision 30.

Subd. 2. [REPORTING.] Each health plan company shall submit to the appropriate commissioner, as part of the company's annual filing, data on the number and type of complaints that are not resolved within 30 days, except that the time period is 30 business days as provided under section 72A.201, subdivision 4, clause (3), for insurance companies licensed under chapter 60A. The commissioner shall also make this information available to the public upon request.

(Effective Date: Section 37 (62Q.72, subdivisions 1 and 2) are effective July 1, 2000.)

Sec. 39. [62Q.73] [EXTERNAL REVIEW OF ADVERSE DETERMINATIONS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) An "adverse determination" means:

(1) a complaint decision relating to a health care service or claim that has been appealed in accordance with section 62Q.70 and the appeal decision is partially or wholly adverse to the complainant; or

(2) any initial determination not to certify that has been appealed in accordance with section 62M.06 and the appeal did not reverse the initial determination not to certify.

An adverse determination does not include complaints relating to fraudulent marketing practices or agent misrepresentation.

(c) "Qualified neutral" means a person certified by the commissioners of health and commerce under this section to perform external reviews.

Subd. 2. [RIGHT TO EXTERNAL REVIEW.] (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination if applicable under section 62Q.681 or 62M.06 to the commissioner of health if the request involves a health plan company regulated by that commissioner or to the commissioner of commerce if the request involves a health plan company regulated by that commissioner. The written request must be accompanied by a filing fee of $25.

(b) Nothing in this section requires the commissioner of health or commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review in excess of the filing fee described in paragraph (a) shall be borne by the health plan company.

Subd. 3. [LIST OF QUALIFIED NEUTRALS.] The commissioners of health and commerce shall jointly establish and maintain a list of qualified neutrals certified under this section to perform external reviews. The commissioners shall ensure, to the extent practicable, that the qualified neutrals on the list together have sufficient capacity to fulfill the expected demand for external reviews in a timely fashion. The commissioners shall ensure that the fees for services rendered in connection with the reviews are reasonable. The commissioners shall publish the list of qualified neutrals at least annually.

Subd. 4. [CERTIFICATION OF QUALIFIED NEUTRALS.] (a) The commissioners of health and commerce may certify any qualified neutrals that satisfy the requirements of this subdivision. To apply for certification, a person must submit to the commissioners an application for certification, on a form prescribed by the commissioners. After certification, a qualified neutral must report to the commissioners any changes in the information provided on the application form within 30 days. Certification for qualified neutrals shall be renewed every two years.

(b) The commissioners shall provide ongoing oversight of the qualified neutrals to ensure their compliance with this section and to ensure their neutrality. The commissioners may suspend or revoke a certification or take other disciplinary and enforcement actions permitted under chapter 45 or 144, and may establish data reporting requirements and reporting schedules for certified qualified neutrals.

(c) To be certified and maintain certification, an applicant for certification must meet the following standards to the satisfaction of the commissioners:

(1) no conflicts of interest in that it is not owned, a subsidiary, or affiliate as defined in section 302A.11, subdivision 43, of a health plan company or utilization review organization;

(2) an expertise in dispute resolution;

(3) an expertise in health-related law;

(4) an ability to conduct reviews using a variety of procedures depending upon the nature of the dispute;

(5) an ability to provide data to the commissioners of health and commerce on reviews conducted; and

(6) an ability to ensure confidentiality of medical records and other enrollee information.

Subd. 5. [STANDARDS OF REVIEW.] (a) For an external review of any issue in an adverse determination that does not require a medical determination, the external review must be based on whether the adverse determination was in compliance with the complainant's health benefit plan.

(b) For an external review of any issue in an adverse determination that requires a medical determination, the external review must be based on standards of medical necessity that are generally accepted by practicing health care providers in the community.

Subd. 6. [PROCESS.] (a) Upon receipt of a request for an external review, the appropriate commissioner shall promptly assign and transmit the request to a qualified neutral. The assignment of a request to a qualified neutral must be random, except that the commissioner may take into account the capacity and areas of expertise of each qualified neutral. Upon receiving a request for an external review, the qualified neutral must provide immediate notice of the review to the enrollee and to the health plan company. Within ten business days of receiving notice of the review the health plan company and the enrollee must provide the qualified neutral with any information that they wish to be considered. Each party shall be provided an opportunity to present its version of the facts and arguments. An enrollee may be assisted or represented by a person of the enrollee's choice.

(b) As part of the external review process, an independent medical opinion may be sought as necessary. A medical review panel may be used to provide additional technical expertise when the issue presented is complex and clinical guidelines are absent, ambiguous, unclear, or conflicting.

(c) An external review shall be made as soon as practical but in no case later than 40 days after receiving the request for an external review. The qualified neutral must promptly send written notice of the decision and the reasons for it to the enrollee, the health plan company, and to the commissioner who is responsible for regulating the health plan company.

Subd. 7. [EFFECTS OF EXTERNAL REVIEW.] A decision rendered under this section shall be binding on the health plan company and the enrollee. The health plan company and the enrollee may seek judicial review of the decision on the grounds that the decision was arbitrary and capricious or involved an abuse of discretion.

Subd. 8. [IMMUNITY FROM CIVIL LIABILITY.] A person who participates in an external review by investigating, reviewing materials, providing technical expertise, or rendering a decision shall not be civilly liable for any action that is taken in good faith, that is within the scope of the person's duties, and that does not constitute willful or reckless misconduct.

Subd. 9. [DATA REPORTING.] The commissioners shall make available to the public, upon request, summary data on the decisions rendered under this section, including the number of reviews heard and decided and the final outcomes. Any data released to the public must not individually identify the enrollee initiating the request for external review.

(Effective Date: Section 38 (62Q.73, subdivisions 1 to 9) are effective July 1, 2000.)

Sec. 40. Minnesota Statutes 1998, section 62T.04, is amended to read:

62T.04 [COMPLAINT SYSTEM.]

Accountable provider networks must establish and maintain an enrollee complaint system as required under ~~section 62Q.105~~ sections 62Q.68 to 62Q.72. The accountable provider network may contract with the health care purchasing alliance or a vendor for operation of this system.

(Effective Date: Section 39 (62T.04) is effective July 1, 2000.)

Sec. 41. Minnesota Statutes 1998, section 72A.201, subdivision 4a, is amended to read:

Subd. 4a. [STANDARDS FOR PREAUTHORIZATION APPROVAL.] If a policy of accident and sickness insurance or a subscriber contract requires preauthorization approval for any nonemergency services or benefits, the decision to approve or disapprove the requested services or benefits must be ~~communicated to the insured or the insured's health care provider within ten business days of the preauthorization request provided that all information reasonably necessary to make a decision on the request has been made available to the insurer~~ processed according to section 62M.07.

(Effective Date: Section 40 (72A.201, subdivision 4a) is effective July 1, 2000.)

Sec. 42. Minnesota Statutes 1998, section 256B.692, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE COMMISSIONER OF HEALTH.] Notwithstanding chapters 62D and 62N, a county that elects to purchase medical assistance and general assistance medical care in return for a fixed sum without regard to the frequency or extent of services furnished to any particular enrollee is not required to obtain a certificate of authority under chapter 62D or 62N. A county that elects to purchase medical assistance and general assistance medical care services under this section must satisfy the commissioner of health that the requirements of chapter 62D, applicable to health maintenance organizations, or chapter 62N, applicable to community integrated service networks, will be met. A county must also assure the commissioner of health that the requirements of sections 62J.041; 62J.48; 62J.71 to 62J.73; 62M.01 to 62M.16; all applicable provisions of chapter 62Q, including sections 62Q.07; 62Q.075; ~~62Q.105;~~ 62Q.1055; 62Q.106; ~~62Q.11;~~ 62Q.12; 62Q.135; 62Q.14; 62Q.145; 62Q.19; 62Q.23, paragraph (c); ~~62Q.30;~~ 62Q.43; 62Q.47; 62Q.50; 62Q.52 to 62Q.56; 62Q.58; 62Q.64; 62Q.68 to 62Q.72; and

72A.201 will be met. All enforcement and rulemaking powers available under chapters 62D, 62J, 62M, 62N, and 62Q are hereby granted to the commissioner of health with respect to counties that purchase medical assistance and general assistance medical care services under this section.

(Effective Date: Section 41 (256B.692, subdivision 2) is effective July 1, 2000.)

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1998, sections 62D.11, subdivisions 1b and 2; and 62Q.11, are repealed effective July 1, 2000.

(b) Minnesota Statutes 1998, sections 62Q.105 and 62Q.30, are repealed effective July 1, 1999.

(c) Minnesota Rules, parts 4685.0100, subparts 4 and 4a; and 4685.1700, are repealed effective July 1, 2000.

Sec. 44. [EFFECTIVE DATE.]

When preparing the health and human services conference committee report for adoption by the legislature, the revisor shall combine all the effective date notations into this effective date section."

The motion prevailed and the amendment was adopted.

Koskinen, Schumacher, Gleason, Hausman, McCollum and Skoe moved to amend S. F. No. 2225, as amended, as follows:

Page 5, line 41, delete "116,439,000" and insert "117,863,000" and delete "147,484,000" and insert "152,194,000"

Page 5, after line 41, insert:

"[SENIOR DRUG PROGRAM.] Of this appropriation, $1,421,000 in fiscal year 2000 and $4,710,000 in fiscal year 2001 is to increase the income limit for the senior drug program to 150 percent of the federal poverty guidelines, as provided under Minnesota Statutes, section 256.955, subdivision 2, paragraph (d)."

Adjust the totals and summary by fund accordingly

Pages 194 to 195, delete section 16 and insert:

"Sec. 16. Minnesota Statutes 1998, section 256.955, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For purposes of this section, the following definitions apply.

(b) "Health plan" has the meaning provided in section 62Q.01, subdivision 3.

(c) "Health plan company" has the meaning provided in section 62Q.01, subdivision 4.

(d) "Qualified senior citizen" means ~~an individual age 65 or older~~ a Medicare enrollee who:

(1) ~~is eligible as a qualified Medicare beneficiary according to section 256B.057, subdivision 3 or 3a, or is eligible under section 256B.057, subdivision 3 or 3a, and is also eligible for medical assistance or general assistance medical care with a spenddown as defined in section 256B.056, subdivision 5~~ has a household income that does not

exceed 150 percent of the federal poverty guidelines for family size, using the income methodologies specified for aged, blind, or disabled persons in section 256B.056, subdivision 1a. Persons who are determined eligible for medical assistance according to section 256B.0575, who are eligible for medical assistance or general assistance medical care without a spenddown, or who are enrolled in MinnesotaCare, are not eligible for this program;

(2) is not enrolled in prescription drug coverage under a health plan;

(3) is not enrolled in prescription drug coverage under a Medicare supplement plan, as defined in sections 62A.31 to 62A.44, or policies, contracts, or certificates that supplement Medicare issued by health maintenance organizations or those policies, contracts, or certificates governed by section 1833 or 1876 of the federal Social Security Act, United States Code, title 42, section 1395, et seq., as amended;

(4) has not had coverage described in clauses (2) and (3) for at least four months prior to application for the program; ~~and~~

(5) is a permanent resident of Minnesota as defined in section 256L.09; and

(6) meets the asset standard for aged, blind, or disabled persons in section 256B.056, subdivision 3."

A roll call was requested and properly seconded.

The question was taken on the Koskinen et al amendment and the roll was called. There were 61 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Gleason	Juhnke	Marko	Pelowski	Tunheim
Bakk	Gray	Kalis	McCollum	Peterson	Wagenius
Biernat	Greenfield	Kelliher	McGuire	Pugh	Wejcman
Carlson	Greiling	Koskinen	Milbert	Rest	Wenzel
Carruthers	Hasskamp	Kubly	Mullery	Rukavina	Westerberg
Chaudhary	Hausman	Larson, D.	Murphy	Schumacher	Winter
Clark, K.	Hilty	Leighton	Opatz	Skoe	
Dawkins	Huntley	Lenczewski	Osskopp	Skoglund	
Dorn	Jaros	Lieder	Osthoff	Solberg	
Entenza	Jennings	Luther	Otremba	Tomassoni	
Folliard	Johnson	Mariani	Paymar	Trimble	

Those who voted in the negative were:

Abeler	Dehler	Hackbarth	McElroy	Rostberg	Van Dellen
Abrams	Dempsey	Harder	Molnau	Seagren	Vandeveer
Anderson, B.	Dorman	Holsten	Mulder	Seifert, J.	Westfall
Bishop	Erhardt	Howes	Ness	Seifert, M.	Westrom
Boudreau	Erickson	Kielkucki	Nornes	Smith	Wilkin
Bradley	Finseth	Knoblach	Olson	Stanek	Wolf
Broecker	Fuller	Krinkie	Ozment	Stang	Workman
Buesgens	Gerlach	Kuisle	Paulsen	Storm	Spk. Sviggum
Cassell	Goodno	Larsen, P.	Pawlenty	Swenson	
Clark, J.	Gunther	Leppik	Reuter	Sykora	
Daggett	Haake	Lindner	Rhodes	Tingelstad	
Davids	Haas	Mares	Rifenberg	Tuma	

The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

Paymar; Gleason; Kelliher; Mariani; McCollum; Larson, D., and Trimble moved to amend S. F. No. 2225, as amended, as follows:

Page 10, line 35, delete "42,309,000" and insert "32,309,000"

Page 20, line 4, delete "$236,425,000" and insert "$246,425,000"

Page 21, after line 24, insert:

"(5) Of the amounts in clause (1), $10,000,000 in fiscal year 2000 is transferred to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate this portion of the state's federal Title XX block grant funds based on the formula in Minnesota Statutes, section 256E.06. This is a one-time appropriation that shall not become part of base level funding for this activity for the 2002-2003 biennial budget. The commissioner shall ensure that this money is used according to the requirements of United States Code, title 42, section 604(d)(3)(B)."

Renumber the remaining clauses in sequence

Page 22, line 28, delete "78,582,000" and insert "88,582,000"

Page 22, after line 53, insert:

"[CHARITY CARE EQUITY FUND.] Of this general fund appropriation, $10,000,000 in fiscal year 2000 is for the commissioner to establish and operate the charity care equity fund under Minnesota Statutes, section 62J.85. Of this amount, $5,000,000 is available until June 30, 2001."

Correct the totals and the summaries by fund accordingly

Page 52, after line 34, insert:

"Sec. 17. [62J.85] [CHARITY CARE EQUITY FUND.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Charity care services" means health care services provided to low-income or uninsured patients who are determined personally unable to pay for the cost of health care services. The patient's inability to pay shall be determined in accordance with generally accepted accounting principles through examination of individual and family income, assets, employment status, family size, or availability of alternative sources of payment. A hospital may determine the patient's inability to pay at the time services are rendered or through subsequent efforts to collect sufficient information to make such a determination.

(c) "Statewide charity care average" means the sum of all charity care services provided in Minnesota hospitals divided by the sum of all hospital operating expenses in Minnesota. This shall be annually calculated by the commissioner from audited financial statements filed under Minnesota Rules, part 4650.0110.

(d) "Qualified hospital" means a hospital certified for medical assistance under title XIX of the Social Security Act that provides a level of charity care services relative to its total hospital operating expenses that exceeds the statewide charity care average. Qualified hospital does not include a state-owned hospital.

(e) "Qualified charity care services" means the sum of all charity care services in excess of the statewide charity care average provided at all qualified hospitals.

Subd. 2. [ESTABLISHMENT.] The commissioner shall establish a charity care equity fund for the purpose of compensating qualified hospitals for qualified charity care services.

Subd. 3. [REPORT.] (a) To be eligible to receive funds from the charity care equity fund, a qualified hospital must:

(1) adopt policies and procedures to ensure documentation of charity care services; and

(2) file by July 15 of each year a report with the commissioner prepared from the hospital's audited financial statements filed under Minnesota Rules, parts 4650.0110 to 4650.0112, that sets forth the aggregate amount of charity care charges, total charges, and total operating expenses for the previous fiscal year.

(b) The commissioner may audit any report filed pursuant to this subdivision to validate the calculation of charity care services.

Subd. 4. [FUND DISTRIBUTION.] (a) The commissioner shall annually distribute to each qualified hospital an amount proportionately equal to the hospital's share of qualified charity care services.

(b) No qualified hospital shall receive a distribution amount that exceeds 60 percent of the qualified hospital's aggregate charges for charity care services."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Paymar et al amendment and the roll was called. There were 57 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Folliard	Juhnke	Mariani	Otremba	Tomassoni
Bakk	Gleason	Kahn	Marko	Paymar	Trimble
Biernat	Gray	Kalis	McCollum	Pelowski	Tunheim
Carlson	Greenfield	Kelliher	McGuire	Pugh	Wagenius
Carruthers	Greiling	Koskinen	Milbert	Rest	Wejcman
Chaudhary	Hasskamp	Larson, D.	Mullery	Rukavina	Wenzel
Clark, K.	Hilty	Leighton	Murphy	Schumacher	Winter
Dawkins	Huntley	Lenczewski	Opatz	Skoe	
Dorn	Jaros	Lieder	Orfield	Skoglund	
Entenza	Jennings	Luther	Osthoff	Solberg	

Those who voted in the negative were:

Abeler	Bishop	Broecker	Clark, J.	Dehler	Erickson
Abrams	Boudreau	Buesgens	Daggett	Dorman	Finseth
Anderson, B.	Bradley	Cassell	Davids	Erhardt	Fuller

Gerlach	Johnson	Mares	Paulsen	Seifert, M.	Van Dellen
Goodno	Kielkucki	McElroy	Pawlenty	Smith	Vandeveer
Gunther	Knoblach	Molnau	Peterson	Stanek	Westerberg
Haake	Krinkie	Mulder	Reuter	Stang	Westfall
Haas	Kubly	Ness	Rhodes	Storm	Westrom
Hackbarth	Kuisle	Nornes	Rifenberg	Swenson	Wilkin
Harder	Larsen, P.	Olson	Rostberg	Sykora	Wolf
Holsten	Leppik	Osskopp	Seagren	Tingelstad	Workman
Howes	Lindner	Ozment	Seifert, J.	Tuma	Spk. Sviggum

The motion did not prevail and the amendment was not adopted.

Wejcman moved to amend S. F. No. 2225, as amended, as follows:

Page 10, line 35, delete "42,309,000" and insert "40,734,000"

Page 20, line 4, delete "$236,425,000" and insert "$238,800,000"

Page 21, after line 24, insert:

"(5) Of the amounts in clause (1), $1,575,000 in fiscal year 2000 is transferred to the state's federal title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate this portion of the state's federal title XX block grant funds based on the formula in Minnesota Statutes, section 256E.06. This is a one-time appropriation that shall not become part of base level funding for the CSSA block grant for the 2002-2003 biennial budget. The commissioner shall ensure that this money is used according to the requirements of United States Code, title 42, section 604(d)(3)(B)."

Renumber the remaining clauses in sequence

Page 26, line 46, delete "4,640,000" and insert "6,215,000"

Correct the totals and the summaries by fund accordingly

Page 52, line 24, reinstate the stricken language

Page 52, line 25, reinstate the stricken language and delete the new language

Page 52, lines 33 and 34, reinstate the stricken language

Page 104, delete lines 27 and 28

Reletter the remaining paragraphs in section 66 in sequence

A roll call was requested and properly seconded.

The question was taken on the Wejcman amendment and the roll was called. There were 61 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Gleason	Juhnke	Mariani	Paymar	Trimble
Bakk	Gray	Kahn	Marko	Pelowski	Tunheim
Biernat	Greenfield	Kalis	McCollum	Peterson	Wagenius
Carlson	Greiling	Kelliher	McGuire	Pugh	Wejcman
Carruthers	Hasskamp	Koskinen	Milbert	Rest	Wenzel
Chaudhary	Hausman	Kubly	Mullery	Rukavina	Winter
Clark, K.	Hilty	Larson, D.	Murphy	Schumacher	
Dawkins	Huntley	Leighton	Opatz	Skoe	
Dorn	Jaros	Lenczewski	Orfield	Skoglund	
Entenza	Jennings	Lieder	Osthoff	Solberg	
Folliard	Johnson	Luther	Otremba	Tomassoni	

Those who voted in the negative were:

Abeler	Dehler	Hackbarth	McElroy	Rifenberg	Tuma
Abrams	Dempsey	Harder	Molnau	Rostberg	Van Dellen
Anderson, B.	Dorman	Holsten	Mulder	Seagren	Vandeveer
Bishop	Erhardt	Howes	Ness	Seifert, J.	Westerberg
Boudreau	Erickson	Kielkucki	Nornes	Seifert, M.	Westfall
Bradley	Finseth	Knoblach	Olson	Smith	Westrom
Broecker	Fuller	Krinkie	Osskopp	Stanek	Wilkin
Buesgens	Gerlach	Kuisle	Ozment	Stang	Wolf
Cassell	Goodno	Larsen, P.	Paulsen	Storm	Workman
Clark, J.	Gunther	Leppik	Pawlenty	Swenson	Spk. Sviggum
Daggett	Haake	Lindner	Reuter	Sykora	
Davids	Haas	Mares	Rhodes	Tingelstad	

The motion did not prevail and the amendment was not adopted.

Greenfield moved to amend S. F. No. 2225, as amended, as follows:

Page 5, line 41, delete "116,439,000" and insert "120,985,000" and delete "147,484,000" and insert "158,472,000"

Page 5, after line 41, insert:

"[EXPANSION OF ELIGIBILITY.] Of this appropriation, $4,546,000 in fiscal year 2000 and $10,988,000 in fiscal year 2001 is to increase the income limit for single adults and households with no children, as provided under Minnesota Statutes, section 256L.04, subdivision 7."

Page 6, line 50, delete "129,661,000" and insert "129,504,000"

Correct the totals and summary by fund accordingly

Page 301, after line 18, insert:

"Sec. 79. Minnesota Statutes 1998, section 256L.04, subdivision 7, is amended to read:

Subd. 7. [SINGLE ADULTS AND HOUSEHOLDS WITH NO CHILDREN.] The definition of eligible persons includes all individuals and households with no children who have gross family incomes that are equal to or less than ~~175~~ 275 percent of the federal poverty guidelines."

Page 305, line 7, after "1" insert "or 7"

Page 305, strike lines 10 to 12

Page 305, strike everything before "For"

A roll call was requested and properly seconded.

The question was taken on the Greenfield amendment and the roll was called. There were 60 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Folliard	Jennings	Lenczewski	Opatz	Schumacher
Bakk	Gleason	Johnson	Lieder	Orfield	Skoe
Biernat	Gray	Juhnke	Luther	Osthoff	Skoglund
Carlson	Greenfield	Kahn	Mariani	Otremba	Solberg
Carruthers	Greiling	Kalis	Marko	Paymar	Tomassoni
Chaudhary	Hasskamp	Kelliher	McCollum	Pelowski	Trimble
Clark, K.	Hausman	Koskinen	McGuire	Peterson	Tunheim
Dawkins	Hilty	Kubly	Milbert	Pugh	Wagenius
Dorn	Huntley	Larson, D.	Mullery	Rest	Wejcman
Entenza	Jaros	Leighton	Murphy	Rukavina	Winter

Those who voted in the negative were:

Abeler	Dehler	Hackbarth	Mares	Rhodes	Tingelstad
Abrams	Dempsey	Harder	McElroy	Rifenberg	Tuma
Anderson, B.	Dorman	Holberg	Molnau	Rostberg	Van Dellen
Bishop	Erhardt	Holsten	Mulder	Seagren	Vandeveer
Boudreau	Erickson	Howes	Ness	Seifert, J.	Wenzel
Bradley	Finseth	Kielkucki	Nornes	Seifert, M.	Westerberg
Broecker	Fuller	Knoblach	Olson	Smith	Westfall
Buesgens	Gerlach	Krinkie	Osskopp	Stanek	Westrom
Cassell	Goodno	Kuisle	Ozment	Stang	Wilkin
Clark, J.	Gunther	Larsen, P.	Paulsen	Storm	Wolf
Daggett	Haake	Leppik	Pawlenty	Swenson	Workman
Davids	Haas	Lindner	Reuter	Sykora	Spk. Sviggum

The motion did not prevail and the amendment was not adopted.

Luther and Dorn moved to amend S. F. No. 2225, as amended, as follows:

Page 64, after line 27, insert:

"Sec. 28. [144.1461] [MEDICAL EDUCATION AND RESEARCH COSTS ENDOWMENT.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The medical education and research costs endowment fund is established as a nonexpendable trust fund to support medical education and research activities throughout the state. The commissioner of health shall administer the fund. All earnings of the endowment must be credited to the fund.

The commissioner of finance shall credit to the fund 50 percent of the tobacco settlement payments received by the state on January 2, 2002, and January 2, 2003, as a result of the settlement of State v. Philip Morris Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District).

Subd. 2. [APPROPRIATION.] Beginning in fiscal year 2002, the accrued earnings of the medical education and research costs endowment fund, not to exceed $10,000,000, is annually appropriated to the commissioner of health for distribution according to section 62J.69.

Subd. 3. [REVIEW.] The purpose of the endowment fund shall be reviewed in the governor's budget each biennium."

Page 80, after line 11, insert:

"Sec. 34. [144.3942] [TOBACCO PREVENTION ENDOWMENT FUND.]

Subdivision 1. [CREATION.] The tobacco prevention endowment fund is created as an account in the state treasury. The commissioner of finance shall credit to the fund 50 percent of the tobacco settlement payments received by the state on January 2, 2002, and January 2, 2003, as a result of the settlement of State v. Philip Morris Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District). The state board of investment shall invest the fund under section 11A.24. All earnings of the fund must be credited to the fund.

Subd. 2. [APPROPRIATION; EXPENDITURES.] The purpose of the fund is to provide money to reduce the human and economic consequences of tobacco use through tobacco prevention measures. On July 1 of each year beginning in 2003, a sum equal to five percent of the market value of the fund on the preceding July 1 is appropriated from the fund to the commissioner of health for grants for activities against tobacco use. A portion of the activities shall be grants distributed to local boards of health for tobacco use prevention measures. Local boards of health are encouraged to use these grant funds in collaboration with schools or other public or private entities conducting similar or related initiatives, in a manner that does not duplicate existing efforts.

Subd. 3. [AUDITS REQUIRED.] The legislative auditor shall audit endowment fund expenditures to ensure that the money is spent for tobacco prevention measures.

Subd. 4. [REPORT.] Beginning January 15, 2004, and annually thereafter, the commissioner of health must submit a report to the legislature on the prevention measures and initiatives that have been undertaken during the preceding year."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Luther and Dorn amendment and the roll was called. There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Chaudhary	Entenza	Greiling	Jennings	Kelliher
Bakk	Clark, K.	Folliard	Hausman	Johnson	Koskinen
Biernat	Dawkins	Gleason	Hilty	Juhnke	Kubly
Carlson	Dehler	Gray	Huntley	Kahn	Larson, D.
Carruthers	Dorn	Greenfield	Jaros	Kalis	Leighton

Lenczewski	McCollum	Opatz	Peterson	Skoe	Tunheim
Lieder	McGuire	Orfield	Pugh	Skoglund	Wagenius
Luther	Milbert	Otremba	Rest	Solberg	Wejcman
Mariani	Mullery	Paymar	Rukavina	Tomassoni	Wenzel
Marko	Murphy	Pelowski	Schumacher	Trimble	Winter

Those who voted in the negative were:

Abeler	Dempsey	Harder	McElroy	Rhodes	Tingelstad
Abrams	Dorman	Holberg	Molnau	Rifenberg	Tuma
Anderson, B.	Erhardt	Holsten	Mulder	Rostberg	Van Dellen
Bishop	Erickson	Howes	Ness	Seagren	Vandeveer
Boudreau	Finseth	Kielkucki	Nornes	Seifert, J.	Westerberg
Bradley	Fuller	Knoblach	Olson	Seifert, M.	Westfall
Broecker	Gerlach	Krinkie	Osskopp	Smith	Westrom
Buesgens	Goodno	Kuisle	Osthoff	Stanek	Wilkin
Cassell	Gunther	Larsen, P.	Ozment	Stang	Wolf
Clark, J.	Haake	Leppik	Paulsen	Storm	Spk. Sviggum
Daggett	Haas	Lindner	Pawlenty	Swenson	
Davids	Hackbarth	Mares	Reuter	Sykora	

The motion did not prevail and the amendment was not adopted.

The Speaker called Abrams to the Chair.

Seagren; Ness; Smith; Anderson, I.; Mares; Solberg; Broecker; Larson, D.; Dorman; Wolf; Swenson; Seifert, M.; Wilkin; Vandeveer; Dempsey; Workman; Reuter; Lieder; Osskopp; Kalis; Tomassoni; Rostberg; Olson; Boudreau; Tuma; Ozment; Lindner; Anderson, B.; Smith; Peterson; Westrom; Jennings; Rukavina; Cassell; Hasskamp; Tunheim; Nornes; Fuller; Rifenberg; Sykora; Gunther; Seifert, J.; Abeler; Kielkucki; Huntley; Davids; Stang and Molnau moved to amend S. F. No. 2225, as amended, as follows:

Page 51, after line 32, insert:

"Sec. 14. Minnesota Statutes 1998, section 62J.69, is amended by adding a subdivision to read:

Subd. 1a. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee to provide advice and oversight on the distribution of funds from the medical education and research trust fund. If a committee is appointed, the commissioner shall:

(1) consider the interest of all stakeholders when selecting committee members;

(2) select members that represent both urban and rural interests; and

(3) select members that include ambulatory care as well as inpatient perspectives.

The commissioner shall appoint to the advisory committee representatives of the following groups: medical researchers; public and private academic medical centers, including a representative from each academic center offering an accredited training program for physicians, pharmacists, chiropractors, dentists, and nurses; managed care organizations; Blue Cross and Blue Shield of Minnesota; commercial carriers; Minnesota Medical Association; Minnesota Nurses Association; Minnesota Chiropractic Association; medical product manufacturers; employers; and other relevant stakeholders, including consumers. The advisory committee is governed by section 15.059 for membership terms and removal of members, and expires on June 30, 2001.

(Effective Date: Section 14 (62J.69, subd. 1a) is effective the day following final enactment.)

Sec. 15. Minnesota Statutes 1998, section 62J.69, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION AND FUNDING FOR MEDICAL EDUCATION AND RESEARCH.] (a) The commissioner may establish a trust fund for the purposes of funding medical education and research activities in the state of Minnesota.

(b) ~~By January 1, 1997, the commissioner may appoint an advisory committee to provide advice and oversight on the distribution of funds from the medical education and research trust fund. If a committee is appointed, the commissioner shall: (1) consider the interest of all stakeholders when selecting committee members; (2) select members that represent both urban and rural interest; and (3) select members that include ambulatory care as well as inpatient perspectives. The commissioner shall appoint to the advisory committee representatives of the following groups: medical researchers, public and private academic medical centers, managed care organizations, Blue Cross and Blue Shield of Minnesota, commercial carriers, Minnesota Medical Association, Minnesota Nurses Association, medical product manufacturers, employers, and other relevant stakeholders, including consumers. The advisory committee is governed by section 15.059, for membership terms and removal of members and will sunset on June 30, 1999.~~

~~(c)~~ Eligible applicants for funds are accredited medical education teaching institutions, consortia, and programs operating in Minnesota. Applications must be submitted by the sponsoring institution on behalf of the teaching program, and must be received by September 30 of each year for distribution in January of the following year. An application for funds must include the following:

(1) the official name and address of the sponsoring institution and the official name and address of the facility or programs on whose behalf the institution is applying for funding;

(2) the name, title, and business address of those persons responsible for administering the funds;

(3) for each accredited medical education program for which funds are being sought the type and specialty orientation of trainees in the program, the name, address, and medical assistance provider number of each training site used in the program, the total number of trainees at each site, and the total number of eligible trainees at each training site;

(4) audited clinical training costs per trainee for each medical education program where available or estimates of clinical training costs based on audited financial data;

(5) a description of current sources of funding for medical education costs including a description and dollar amount of all state and federal financial support, including Medicare direct and indirect payments;

(6) other revenue received for the purposes of clinical training; and

(7) other supporting information the commissioner, with advice from the advisory committee, determines is necessary for the equitable distribution of funds.

~~(d)~~ (c) The commissioner shall distribute medical education funds to all qualifying applicants based on the following basic criteria: (1) total medical education funds available; (2) total eligible trainees in each eligible education program; and (3) the statewide average cost per trainee, by type of trainee, in each medical education program. Funds distributed shall not be used to displace current funding appropriations from federal or state sources. Funds shall be distributed to the sponsoring institutions indicating the amount to be paid to each of the sponsor's medical education programs based on the criteria in this paragraph. Sponsoring institutions which receive funds from the trust fund must distribute approved funds to the medical education program according to the commissioner's approval letter. Further, programs must distribute funds among the sites of training as specified in the commissioner's approval letter. Any funds not distributed as directed by the commissioner's approval letter shall be returned to the medical education and research trust fund within 30 days of a notice from the commissioner. The commissioner shall distribute returned funds to the appropriate entities in accordance with the commissioner's approval letter.

~~(e)~~ (d) Medical education programs receiving funds from the trust fund must submit a medical education and research grant verification report (GVR) through the sponsoring institution based on criteria established by the commissioner. If the sponsoring institution fails to submit the GVR by the stated deadline, or to request and meet the deadline for an extension, the sponsoring institution is required to return the full amount of the medical education and research trust fund grant to the medical education and research trust fund within 30 days of a notice from the commissioner. The commissioner shall distribute returned funds to the appropriate entities in accordance with the commissioner's approval letter. The reports must include:

(1) the total number of eligible trainees in the program;

(2) the programs and residencies funded, the amounts of trust fund payments to each program, and within each program, the dollar amount distributed to each training site; and

(3) other information the commissioner, with advice from the advisory committee, deems appropriate to evaluate the effectiveness of the use of funds for clinical training.

The commissioner, with advice from the advisory committee, will provide an annual summary report to the legislature on program implementation due February 15 of each year.

~~(f)~~ (e) The commissioner is authorized to distribute funds made available through:

(1) voluntary contributions by employers or other entities;

(2) allocations for the department of human services to support medical education and research; and

(3) other sources as identified and deemed appropriate by the legislature for inclusion in the trust fund.

~~(g) The advisory committee shall continue to study and make recommendations on:~~

~~(1) the funding of medical research consistent with work currently mandated by the legislature and under way at the department of health; and~~

~~(2) the costs and benefits associated with medical education and research.~~

(Effective Date: Section 15 (62J.69, subd. 2) is effective the day following final enactment.)"

Page 51, line 36, delete "(c) and (d)" and insert "(b) and (c)"

Page 52, after line 4, insert:

"Sec. 17. Minnesota Statutes 1998, section 62J.69, subdivision 4, is amended to read:

Subd. 4. [TRANSFERS FROM THE COMMISSIONER OF HUMAN SERVICES.] (a) The amount transferred according to section 256B.69, subdivision 5c, shall be distributed by the commissioner to qualifying applicants based on a distribution formula that reflects a summation of two factors:

(1) an education factor, which is determined by the total number of eligible trainees and the total statewide average costs per trainee, by type of trainee, in each program; and

(2) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the trust fund pool.

In this formula, the education factor shall be weighted at 50 percent and the public program volume factor shall be weighted at 50 percent.

(b) Public program revenue for the formula in paragraph (a) shall include revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care.

(c) Training sites that receive no public program revenue shall be ineligible for payments from the prepaid medical assistance program transfer pool.

(Effective Date: Section 17 (62J.69, subdivision 4) is effective the day following final enactment.)

Sec. 18. Minnesota Statutes 1998, section 62J.69, subdivision 5, is amended to read:

Subd. 5. [REVIEW OF ELIGIBLE PROVIDERS.] ~~(a) Provider groups added after January 1, 1998, to the list of providers eligible for the trust fund shall not receive funding from the trust fund without prior evaluation by the commissioner and the medical education and research costs advisory committee. The evaluation shall consider the degree to which the training of the provider group:~~

~~(1) takes place in patient care settings, which are consistent with the purposes of this section;~~

~~(2) is funded with patient care revenues;~~

~~(3) takes place in patient care settings, which face increased financial pressure as a result of competition with nonteaching patient care entities; and~~

~~(4) emphasizes primary care or specialties, which are in undersupply in Minnesota.~~

~~Results of this evaluation shall be reported to the legislative commission on health care access. The legislative commission on health care access must approve funding for the provider group prior to their receiving any funding from the trust fund. In the event that a reviewed provider group is not approved by the legislative commission on health care access, trainees in that provider group shall be considered ineligible trainees for the trust fund distribution.~~

~~(b)~~ The commissioner and the medical education and research costs advisory committee may ~~also~~ review the eligible list of provider groups~~, which were added to the eligible list of provider groups prior to January 1, 1998,~~ to assure that the trust fund money ~~continues to be~~ is distributed consistent with the purpose of this section. The results of any such reviews must be reported to the legislative commission on health care access. Trainees in provider groups, ~~which were added prior to January 1, 1998, and~~ which are reviewed by the commissioner and the medical education and research costs advisory committee, shall be considered eligible trainees for purposes of the trust fund distribution unless and until the legislative commission on health care access disapproves their eligibility, in which case they shall be considered ineligible trainees.

(*Effective Date: Section 18 (62J.69, subd. 5) is effective the day following final enactment.*)"

Page 105, after line 1, insert:

"(g) Minnesota Statutes 1998, section 62J.69, subdivision 3, is repealed effective the day following final enactment."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Seagren et al amendment and the roll was called. There were 125 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Lieder	Paulsen	Storm
Abrams	Dorn	Holsten	Lindner	Pawlenty	Swenson
Anderson, B.	Entenza	Howes	Luther	Paymar	Sykora
Anderson, I.	Erhardt	Huntley	Mares	Pelowski	Tingelstad
Bakk	Erickson	Jaros	Mariani	Peterson	Tomassoni
Biernat	Finseth	Jennings	Marko	Pugh	Trimble
Bishop	Folliard	Johnson	McCollum	Rest	Tuma
Boudreau	Fuller	Juhnke	McElroy	Reuter	Tunheim
Bradley	Gerlach	Kalis	McGuire	Rhodes	Van Dellen
Broecker	Gleason	Kelliher	Milbert	Rifenberg	Vandeveer
Buesgens	Goodno	Kielkucki	Molnau	Rostberg	Wejcman
Carlson	Gray	Knoblach	Murphy	Rukavina	Wenzel
Cassell	Greiling	Koskinen	Ness	Schumacher	Westerberg
Chaudhary	Gunther	Krinkie	Nornes	Seagren	Westfall
Clark, J.	Haake	Kubly	Olson	Seifert, J.	Westrom
Clark, K.	Haas	Kuisle	Opatz	Seifert, M.	Wilkin
Daggett	Hackbarth	Larsen, P.	Orfield	Skoe	Winter
Davids	Harder	Larson, D.	Osskopp	Smith	Wolf
Dawkins	Hasskamp	Leighton	Osthoff	Solberg	Workman
Dehler	Hausman	Lenczewski	Otremba	Stanek	Spk. Sviggum
Dempsey	Hilty	Leppik	Ozment	Stang	

Those who voted in the negative were:

Carruthers	Greenfield	Kahn	Mulder	Skoglund	Wagenius

The motion prevailed and the amendment was adopted.

S. F. No. 2225, as amended, was read for the third time.

MOTION FOR RECONSIDERATION

Carruthers moved that the action whereby S. F. No. 2225, as amended, was read for the third time be now reconsidered. The motion prevailed.

Koskinen, Huntley and Schumacher moved to amend S. F. No. 2225, as amended, as follows:

Page 14, line 19, delete "compensation"

Page 14, line 20, delete "packages of" and insert "additional revenue from the reimbursement rate increases under this provision be used to increase wages paid to"

Page 14, line 21, delete "be increased"

Page 14, line 22, after the period, insert:

"In order to qualify for the rate increases in clause (1), providers listed in that clause must increase wages paid to employees who perform direct care duties by three percent each year of the biennium. A provider must submit a plan to the commissioner detailing how the provider will distribute the rate increases as a salary adjustment to employees who perform direct care duties. The commissioner must review the plan to ensure the salary adjustment is used solely to increase the wages paid to provider employees, except management employees who do not perform direct care duties. After the commissioner has reviewed the plan, the provider must post a copy of the plan at the provider's place of business so that it is available for review by interested employees who perform direct care duties.

(4) In addition to the requirements of clause (3), in order to qualify for the rate increases under this provision for services provided on or after July 1, 2000, the provider must certify to the commissioner that the entire amount of the rate increases received under this provision for services provided on or after July 1, 1999, was used solely to increase the wages of the provider's employees who perform direct care duties.

(5) For providers whose employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative after July 1, 1999, or July 1, 2000, respectively, may constitute the salary adjustment plan required under clause (3)."

Renumber the remaining clauses in sequence

Page 138, after line 9, insert:

"(c) In order to qualify for the rate increases under this subdivision, facilities must submit to the commissioner a plan to increase wages paid to employees, except management employees who do not perform direct care duties, by the specified percentage in paragraph (a) or (b) that applies to the facility, for the rate years beginning July 1, 1999 and July 1, 2000. For facilities whose employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative, after July 1, 1999, or July 1, 2000, may constitute the plan for the salary distribution. The commissioner shall review the plan to ensure that the salary adjustment is used solely to increase the wages of facility employees, except management employees who do not perform direct care duties. After the commissioner has reviewed the salary distribution plan, the employer must post a copy of the plan at the facility so that it is available for review by interested nonadministrative employees. To be eligible, a facility must submit its plan for the salary distribution by December 31, 1999, and December 31, 2000. If a facility's plan for salary distribution is effective for its employees after July 1, 1999, or July 1, 2000, the salary adjustment shall be effective the same date as its plan.

(d) In addition to the requirements in paragraph (c), in order to qualify for the rate increases for services on or after July 1, 2000, the employer must certify to the commissioner that the rate increase received by the facility for services on or after July 1, 1999, was used to increase the wages of the facility's nonadministrative employees by the specified percentage in paragraph (a) or (b) that applies to the facility."

Page 157, after line 14, insert:

"(c) In order to qualify for the rate increases under this subdivision, facilities must submit to the commissioner a plan to increase wages paid to employees, except management employees who do not perform direct care duties, by three percent for the rate years beginning October 1, 1999 and October 1, 2000. For facilities whose employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative, after October 1, 1999, or October 1, 2000, may constitute the plan for the salary distribution. The commissioner shall review the plan to ensure that the salary adjustment is used solely to increase the wages of facility employees, except management employees who do not perform direct care duties. After the commissioner has reviewed the salary distribution plan, the employer must post a copy of the plan at the facility so that it is available for review by interested nonadministrative employees. To be eligible, a facility must submit its plan for the salary distribution by December 31, 1999, and December 31, 2000. If a facility's plan for salary distribution is effective for its employees after October 1, 1999, or October 1, 2000, the salary adjustment shall be effective the same date as its plan.

(d) In addition to the requirements in paragraph (c), in order to qualify for the rate increases for services on or after October 1, 2000, the employer must certify to the commissioner that the rate increase received by the facility for services on or after October 1, 1999, was used to increase the wages of the facility's nonadministrative employees by three percent."

A roll call was requested and properly seconded.

The question was taken on the Koskinen et al amendment and the roll was called. There were 58 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Folliard	Jennings	Lieder	Orfield	Skoglund
Bakk	Gleason	Johnson	Luther	Osthoff	Tomassoni
Biernat	Gray	Kahn	Mariani	Otremba	Trimble
Carlson	Greenfield	Kalis	Marko	Paymar	Tunheim
Carruthers	Greiling	Kelliher	McCollum	Pelowski	Wagenius
Chaudhary	Hasskamp	Koskinen	McGuire	Peterson	Wejcman
Clark, K.	Hausman	Kubly	Milbert	Pugh	Wenzel
Dawkins	Hilty	Larson, D.	Mullery	Rest	Winter
Dorn	Huntley	Leighton	Murphy	Rukavina	
Entenza	Jaros	Lenczewski	Opatz	Skoe	

Those who voted in the negative were:

Abeler	Dempsey	Holberg	Molnau	Schumacher	Vandeveer
Abrams	Dorman	Holsten	Mulder	Seagren	Westerberg
Anderson, B.	Erhardt	Howes	Ness	Seifert, J.	Westfall
Bishop	Erickson	Juhnke	Nornes	Seifert, M.	Westrom
Boudreau	Finseth	Kielkucki	Olson	Smith	Wilkin
Bradley	Fuller	Knoblach	Osskopp	Stanek	Wolf
Broecker	Gerlach	Krinkie	Ozment	Stang	Workman
Buesgens	Goodno	Kuisle	Paulsen	Storm	Spk. Sviggum
Cassell	Gunther	Larsen, P.	Pawlenty	Swenson	
Clark, J.	Haake	Leppik	Reuter	Sykora	
Daggett	Haas	Lindner	Rhodes	Tingelstad	
Davids	Hackbarth	Mares	Rifenberg	Tuma	
Dehler	Harder	McElroy	Rostberg	Van Dellen	

The motion did not prevail and the amendment was not adopted.

Mariani moved to amend S. F. No. 2225, as amended, as follows:

Page 10, line 35, delete "42,309,000" and insert "40,137,000"

Page 18, after line 8, insert:

"(c) AFDC/Other Assistance

General 2,172,000 ...,-0-,...

[FOOD ASSISTANCE FOR NONCITIZENS.] The appropriation for the Minnesota food assistance program is available for either year of the biennium."

Reletter the paragraphs in subdivision 10 in sequence

Correct the totals and the summaries by fund accordingly

Page 20, line 4, delete "$236,425,000" and insert "$238,597,000"

Page 21, after line 24, insert:

"(5) Of the amounts in clause (1), $2,172,000 in fiscal year 2000 is transferred to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate this portion of the state's federal Title XX block grant funds based on the formula in Minnesota Statutes, section 256E.06. This is a one-time appropriation that shall not become part of the base level funding for the CSSA block grant for the 2002-2003 biennial budget. The commissioner shall ensure that this money is used according to the requirements of United States Code, title 42, section 604(d)(3)(B)."

Renumber the remaining clauses in sequence

Page 348, after line 19, insert:

"Sec. 1. Minnesota Statutes 1998, section 256D.053, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] For the period of July 1, 1998, to June 30, ~~1999~~ 2001, The Minnesota food assistance program is established to provide food assistance to legal noncitizens residing in this state who are ineligible to participate in the federal Food Stamp Program solely due to the provisions of section 402 or 403 of Public Law Number 104-193, as authorized by Title VII of the 1997 Emergency Supplemental Appropriations Act, Public Law Number 105-18, and as amended by Public Law Number 105-185."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Mariani amendment and the roll was called. There were 49 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Entenza	Jaros	Luther	Paymar	Wagenius
Bakk	Folliard	Johnson	Mariani	Pugh	Wejcman
Biernat	Gleason	Juhnke	McCollum	Rukavina	Wenzel
Carlson	Gray	Kahn	McGuire	Schumacher	Winter
Carruthers	Greenfield	Kalis	Milbert	Skoglund	
Chaudhary	Greiling	Kelliher	Mullery	Solberg	
Clark, K.	Hausman	Kubly	Murphy	Tomassoni	
Dawkins	Hilty	Leighton	Orfield	Trimble	
Dorn	Huntley	Lieder	Osthoff	Tunheim	

Those who voted in the negative were:

Abeler	Erhardt	Howes	Molnau	Rhodes	Tuma
Abrams	Erickson	Jennings	Mulder	Rifenberg	Van Dellen
Anderson, B.	Finseth	Kielkucki	Ness	Rostberg	Vandeveer
Boudreau	Fuller	Knoblach	Nornes	Seagren	Westerberg
Bradley	Gerlach	Krinkie	Olson	Seifert, J.	Westfall
Broecker	Goodno	Kuisle	Opatz	Seifert, M.	Westrom
Buesgens	Gunther	Larsen, P.	Osskopp	Skoe	Wilkin
Cassell	Haake	Larson, D.	Ozment	Smith	Wolf
Clark, J.	Haas	Lenczewski	Paulsen	Stanek	Workman
Daggett	Hackbarth	Leppik	Pawlenty	Stang	Spk. Sviggum
Davids	Harder	Lindner	Pelowski	Storm	
Dehler	Hasskamp	Mares	Peterson	Swenson	
Dempsey	Holberg	Marko	Rest	Sykora	
Dorman	Holsten	McElroy	Reuter	Tingelstad	

The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

Pelowski moved to amend S. F. No. 2225, as amended, as follows:

Page 10, line 35, delete "42,309,000" and insert "43,109,000"

Page 10, line 39, delete "8,841,000" and insert "9,641,000"

Page 11, after line 24, insert:

"[HOMESHARING PROGRAM.] Of the general fund appropriation, $800,000 is for the homesharing program under Minnesota Statutes, section 256.973. This appropriation is available until June 30, 2001."

Page 20, line 4, delete "$236,425,000" and insert "$237,225,000"

Page 21, after line 24, insert:

"(5) Of the amounts in clause (1), $800,000 in fiscal year 2000 is transferred to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate this portion of the state's federal title XX block grant funds based on the formula in Minnesota Statutes, section 256E.06. This is a one-time appropriation that shall not become part of base level funding for the CSSA block grant for the 2002-2003 biennial budget. The commissioner shall ensure that this money is used according to the requirements of United States Code, title 42, section 604(d)(3)(B)."

Renumber the remaining clauses in sequence

Page 507, delete section 2

Correct the totals and the summaries by fund accordingly

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Pelowski amendment and the roll was called. There were 62 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Gleason	Kahn	Marko	Pelowski	Trimble
Bakk	Gray	Kalis	McCollum	Peterson	Tunheim
Biernat	Greenfield	Kelliher	McGuire	Pugh	Wagenius
Carlson	Hasskamp	Koskinen	Milbert	Rest	Wejcman
Carruthers	Hausman	Kubly	Mullery	Rostberg	Wenzel
Chaudhary	Hilty	Larson, D.	Murphy	Rukavina	Westerberg
Clark, K.	Huntley	Leighton	Opatz	Schumacher	Winter
Dawkins	Jaros	Lenczewski	Orfield	Skoe	
Dorn	Jennings	Lieder	Osthoff	Skoglund	
Entenza	Johnson	Luther	Otremba	Solberg	
Folliard	Juhnke	Mariani	Paymar	Tomassoni	

Those who voted in the negative were:

Abeler	Cassell	Erickson	Hackbarth	Kuisle	Ness
Abrams	Clark, J.	Finseth	Harder	Larsen, P.	Nornes
Anderson, B.	Daggett	Fuller	Holberg	Leppik	Olson
Bishop	Davids	Gerlach	Holsten	Lindner	Osskopp
Boudreau	Dehler	Goodno	Howes	Mares	Ozment
Bradley	Dempsey	Gunther	Kielkucki	McElroy	Paulsen
Broecker	Dorman	Haake	Knoblach	Molnau	Pawlenty
Buesgens	Erhardt	Haas	Krinkie	Mulder	Reuter

Rhodes	Seifert, M.	Storm	Tuma	Westrom	Spk. Sviggum
Rifenberg	Smith	Swenson	Van Dellen	Wilkin	
Seagren	Stanek	Sykora	Vandeveer	Wolf	
Seifert, J.	Stang	Tingelstad	Westfall	Workman	

The motion did not prevail and the amendment was not adopted.

Otremba moved to amend S. F. No. 2225, as amended, as follows:

Page 22, line 34, delete "9,749,000" and insert "9,992,000" and delete "9,858,000" and insert "10,101,000"

Page 45, line 18, reinstate the stricken "provide technical assistance to regional"

Page 45, line 19, after "~~boards~~" insert "health care access councils" and reinstate the stricken semicolon

Page 45, line 20, reinstate the stricken language

Page 45, line 23, delete the new language and reinstate the stricken language

Page 46, lines 1, 3, 5, 13, and 17, delete the new language and reinstate the stricken language

Page 46, line 22, reinstate the stricken "the regional" and after "~~boards~~" insert "health care access councils" and reinstate the stricken "established"

Page 46, line 23, reinstate the stricken language

Page 46, line 32, reinstate the stricken "the regional" and after "~~boards~~" insert "health care access councils" and reinstate the stricken comma

Page 47, line 4, reinstate the stricken ", the regional" and after "~~boards~~" insert "health care access councils" and reinstate the stricken comma

Page 47, delete lines 16 to 19 and insert:

"Sec. 8. Minnesota Statutes 1998, section 62J.09, is amended to read:

62J.09 [REGIONAL ~~COORDINATING BOARDS~~ HEALTH CARE ACCESS COUNCILS.]

Subdivision 1. [GENERAL DUTIES.] (a) The commissioner shall divide the state into six regions, one of these regions being the seven-county metropolitan area.

(b) Each region shall establish a locally controlled regional ~~coordinating board~~ health care access council consisting of providers, health plan companies, employers, consumers, and elected officials. Regional ~~coordinating boards may~~ health care access councils shall:

(1) identify barriers to health care access in their regions, cooperating with other local, regional, and statewide entities as appropriate;

(2) develop and implement programs or projects to reduce and eliminate barriers to health care access in their regions; and

(3) develop and submit to the commissioner of health, by August 15, 2002, a transition plan for sustaining regional health care access work beyond June 30, 2005.

(c) Regional health care access councils may:

(1) develop recommendations for statewide programs or projects to reduce and eliminate barriers to health care access and for programs, projects, or policy changes requiring legislative action. If a council develops such recommendations, the council shall forward the recommendations to the commissioner by May 30, 2000, or May 30, 2002;

(2) undertake voluntary activities to educate consumers, providers, and purchasers about community plans and projects promoting health care cost containment, consumer accountability, access, and quality and efforts to achieve public health goals;

~~(2) make recommendations to the commissioner regarding ways of improving affordability, accessibility, and quality of health care in the region and throughout the state;~~

~~(3) provide technical assistance to parties interested in establishing or operating a community integrated service network within the region. This assistance must complement assistance provided by the commissioner under section 62N.23;~~

~~(4)~~ (3) advise the commissioner on public health goals, taking into consideration the relevant portions of the community health service plans, plans required by the Minnesota Comprehensive Adult Mental Health Act, the Minnesota Comprehensive Children's Mental Health Act, and the Community Social Service Act plans developed by county boards or community health boards in the region under chapters 145A, 245, and 256E; and

~~(5) prepare an annual regional education plan that is consistent with and supportive of public health goals identified by community health boards in the region; and~~

~~(6) serve as advisory bodies to identify potential applicants for federal Health Professional Shortage Area and federal Medically Underserved Area designation as requested by the commissioner.~~

(4) seek additional funds for program development and implementation from public and private sources.

(d) The commissioner shall provide staff support to the regional councils.

Subd. 2. [MEMBERSHIP.] (a) [NUMBER OF MEMBERS.] Each regional ~~coordinating board~~ health care access council consists of ~~17~~ at least 15 and no more than 18 members as provided in this subdivision. ~~A member may designate a representative to act as a member of the board in the member's absence. The governor shall appoint the chair of each regional board~~ Every two years, members of each council shall elect a chair from among its members. ~~The appointing authorities under each paragraph for which there is to be chosen more than one member shall consult prior to appointments being made to ensure that, to the extent possible, the board includes a representative from each county within the region.~~

(b) [PROVIDER REPRESENTATIVES.] Each regional ~~board must~~ council may include up to four members representing health care providers who practice in the region. ~~One member is appointed by~~ The Minnesota Medical Association~~. One member is appointed by~~ may appoint one member. The Minnesota Hospital ~~Association. One member is appointed by~~ and Healthcare Partnership may appoint one member. The Minnesota Nurses' Association~~. The remaining member is appointed by~~ may appoint one member. The governor may appoint one member to represent providers other than physicians, hospitals, and nurses.

(c) [HEALTH PLAN COMPANY REPRESENTATIVES.] Each regional ~~board includes four~~ council may include up to three members representing health plan companies who provide coverage for residents of the region~~, including one member representing health insurers who is elected by a vote of all~~. Health insurers providing coverage in the region~~, one member elected by a vote of all~~ may appoint one member. Health maintenance organizations providing coverage in the region~~, and one member appointed by~~ may appoint one member. Blue Cross and Blue Shield of Minnesota~~. The fourth member is appointed by the governor~~ may appoint one member.

(d) [EMPLOYER REPRESENTATIVES.] Regional ~~boards~~ councils may include ~~three~~ up to two members representing employers in the region. ~~Employer representatives are appointed by~~ The Minnesota chamber of commerce ~~from nominations provided by members of~~ or local chambers of commerce in the region~~. At least one member must represent self-insured employers~~ may appoint these members.

(e) [EMPLOYEE UNIONS.] Regional ~~boards~~ councils may include one member appointed by the AFL-CIO Minnesota who is a union member residing or working in the region or who is a representative of a union that is active in the region.

(f) [PUBLIC MEMBERS.] Regional ~~boards~~ councils may include ~~three~~ up to five consumer members. ~~One consumer member is elected by the~~ Community health boards in the region~~, with each community health board having one vote. One consumer member is elected by~~ may appoint one member. The legislative commission on health care access~~. One consumer member is appointed by~~ may appoint one member. The governor may appoint up to three consumer members who represent senior citizens, minority groups, clergy, social service agencies, or other consumer groups.

(g) [COUNTY COMMISSIONER.] Regional ~~boards~~ councils may include ~~one member~~ up to two members who ~~is a~~ are county board ~~member~~ members. The ~~county board member is elected by a vote of all of the county board members in the region, with each county board having one vote~~ Association of Minnesota Counties may appoint these members.

(h) [~~STATE AGENCY~~ DEPARTMENT OF HUMAN SERVICES.] Regional ~~boards~~ councils may include one ~~state agency commissioner appointed by the governor to represent state health coverage programs~~ employee of the Minnesota department of human services who is appointed by the commissioner of human services.

(i) [DUTIES OF COMMISSIONER.] The commissioner shall ensure that each council's membership is geographically representative of the council's region and may make appointments to the councils as necessary to ensure that the councils meet the requirements for the number of members in paragraph (a). The commissioner shall notify council members of the expiration of their terms, as governed by section 15.0575.

Subd. 4. [FINANCIAL INTERESTS OF MEMBERS.] A member representing employers, consumers, or employee unions must not have any personal financial interest in the health care system except as an individual consumer of health care services. An employee who participates in the management of a health benefit plan may serve as a member representing employers or unions.

Subd. 5. [CONFLICTS OF INTEREST.] No member may vote in regional ~~coordinating board~~ health care access council proceedings involving an individual provider, purchaser, or patient, or a specific activity or transaction, if the member has a direct financial interest in the outcome of the regional ~~coordinating board's~~ health care access council's proceedings other than as an individual consumer of health care services. A member with a direct financial interest may participate in the proceedings, without voting, provided that the member discloses any direct financial interest to the regional ~~coordinating board~~ health care access council at the beginning of the proceedings.

Subd. 6. [TECHNICAL ASSISTANCE.] The commissioner shall provide technical assistance to regional ~~coordinating boards. Technical assistance includes providing each regional board with timely information concerning action plans, enrollment data, and health care expenditures affecting the regional board's region~~ health care access councils as appropriate.

Subd. 6a. [CONTRACTING.] The commissioner, at the request of a regional ~~coordinating board~~ health care access council, may contract on behalf of the ~~board~~ council with an appropriate regional organization to provide staff support to the ~~board~~ council, in order to assist the ~~board~~ council in carrying out the duties assigned in this section.

Subd. 7. [TERMS; COMPENSATION; REMOVAL; AND VACANCIES.] Regional coordinating boards are governed by section 15.0575~~, except that~~. Except for members listed in subdivision 2, paragraph (f), members do not receive per diem payments.

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~2000~~ 2004, except that the regional coordinating board covering the seven-county metropolitan area shall expire on June 30, 1999."

Page 47, line 32, reinstate the stricken "regional" and after "~~board~~" insert "health care access council"

Page 55, line 25, reinstate the stricken language

Page 55, line 26, reinstate the stricken "regional" and after "~~boards~~" insert "health care access councils" and reinstate the stricken comma

Page 56, line 5, reinstate the stricken "regional" and after "~~boards~~" insert "health care"

Page 56, line 14, reinstate the stricken language

Page 56, line 15, after "~~boards~~" insert "health care access councils" and reinstate the stricken comma

Page 72, line 8, delete the new language and reinstate the stricken language

Page 72, line 9, reinstate the stricken "the regional" and after "~~board~~" insert "health care access council" and reinstate the stricken "for the area"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

Correct the totals and summaries by fund accordingly

A roll call was requested and properly seconded.

The question was taken on the Otremba amendment and the roll was called. There were 57 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Folliard	Johnson	Mariani	Paymar	Tomassoni
Bakk	Gleason	Juhnke	Marko	Pelowski	Trimble
Biernat	Gray	Kahn	McCollum	Peterson	Tunheim
Carlson	Greenfield	Kalis	McGuire	Pugh	Wagenius
Carruthers	Greiling	Kelliher	Milbert	Rostberg	Wejcman
Chaudhary	Hausman	Koskinen	Mullery	Rukavina	Wenzel
Clark, K.	Hilty	Kubly	Murphy	Schumacher	Winter
Dawkins	Huntley	Leighton	Orfield	Skoe	
Dorn	Jaros	Lieder	Osthoff	Skoglund	
Entenza	Jennings	Luther	Otremba	Solberg	

Those who voted in the negative were:

Abeler	Bishop	Broecker	Clark, J.	Dehler	Erhardt
Abrams	Boudreau	Buesgens	Daggett	Dempsey	Erickson
Anderson, B.	Bradley	Cassell	Davids	Dorman	Finseth

Fuller	Holsten	Lindner	Ozment	Smith	Westerberg
Gerlach	Howes	Mares	Paulsen	Stanek	Westfall
Goodno	Kielkucki	McElroy	Pawlenty	Stang	Westrom
Gunther	Knoblach	Molnau	Rest	Storm	Wilkin
Haake	Krinkie	Mulder	Reuter	Swenson	Wolf
Haas	Kuisle	Ness	Rhodes	Sykora	Workman
Hackbarth	Larsen, P.	Nornes	Rifenberg	Tingelstad	Spk. Sviggum
Harder	Larson, D.	Olson	Seagren	Tuma	
Hasskamp	Lenczewski	Opatz	Seifert, J.	Van Dellen	
Holberg	Leppik	Osskopp	Seifert, M.	Vandeveer	

The motion did not prevail and the amendment was not adopted.

Opatz moved to amend S. F. No. 2225, as amended, as follows:

Page 506, after line 8, insert:

"Section 1. Minnesota Statutes 1998, section 62A.041, subdivision 2, is amended to read:

Subd. 2. [LIMITATION ON COVERAGE PROHIBITED.] Each group policy of accident and health insurance, except for policies which only provide coverage for specified diseases, or each group subscriber contract of accident and health insurance or health maintenance contract, issued or renewed after August 1, 1987, shall include maternity benefits in the same manner as any other illness covered under the policy or contract, except that policy waiting periods for these benefits may not be imposed.

(Effective date: Section 1 (62A.041, subdivision 2) is effective August 1, 1999, and applies to health plans issued or renewed to provide coverage to Minnesota residents on or after that date.)

Sec. 2. Minnesota Statutes 1998, section 62A.0411, is amended to read:

62A.0411 [MATERNITY CARE.]

Every health plan as defined in section 62Q.01, subdivision 3, that provides maternity benefits must, consistent with other coinsurance, copayment, deductible, and related contract terms, provide coverage of a minimum of 48 hours of inpatient care following a vaginal delivery and a minimum of 96 hours of inpatient care following a caesarean section for a mother and her newborn. The health plan may not impose waiting periods for these benefits. The health plan shall not provide any compensation or other nonmedical remuneration to encourage a mother and newborn to leave inpatient care before the duration minimums specified in this section.

The health plan must also provide coverage for postdelivery care to a mother and her newborn if the duration of inpatient care is less than the minimums provided in this section.

Postdelivery care consists of a minimum of one home visit by a registered nurse. Services provided by the registered nurse include, but are not limited to, parent education, assistance and training in breast and bottle feeding, and conducting any necessary and appropriate clinical tests. The home visit must be conducted within four days following the discharge of the mother and her child.

(Effective date: Section 2 (62A.0411) is effective August 1, 1999, and applies to health plans issued or renewed to provide coverage to Minnesota residents on or after that date.)

Sec. 3. Minnesota Statutes 1998, section 62A.047, is amended to read:

62A.047 [CHILDREN'S HEALTH SUPERVISION SERVICES AND PRENATAL CARE SERVICES.]

A policy of individual or group health and accident insurance regulated under this chapter, or individual or group subscriber contract regulated under chapter 62C, health maintenance contract regulated under chapter 62D, or health benefit certificate regulated under chapter 64B, issued, renewed, or continued to provide coverage to a Minnesota resident, must provide coverage for child health supervision services and prenatal care services. The policy, contract, or certificate must specifically exempt reasonable and customary charges for child health supervision services and prenatal care services from a deductible, copayment, or other coinsurance or dollar limitation requirement~~. This section does not prohibit~~ and the use of policy waiting periods or preexisting condition limitations for these services. Minimum benefits may be limited to one visit payable to one provider for all of the services provided at each visit cited in this section subject to the schedule set forth in this section. Nothing in this section applies to a commercial health insurance policy issued as a companion to a health maintenance organization contract, a policy designed primarily to provide coverage payable on a per diem, fixed indemnity, or nonexpense incurred basis, or a policy that provides only accident coverage.

"Child health supervision services" means pediatric preventive services, appropriate immunizations, developmental assessments, and laboratory services appropriate to the age of a child from birth to age six, and appropriate immunizations from ages six to 18, as defined by Standards of Child Health Care issued by the American Academy of Pediatrics. Reimbursement must be made for at least five child health supervision visits from birth to 12 months, three child health supervision visits from 12 months to 24 months, once a year from 24 months to 72 months.

"Prenatal care services" means the comprehensive package of medical and psychosocial support provided throughout the pregnancy, including risk assessment, serial surveillance, prenatal education, and use of specialized skills and technology, when needed, as defined by Standards for Obstetric-Gynecologic Services issued by the American College of Obstetricians and Gynecologists.

(Effective date: Section 3 (62A.047) is effective August 1, 1999, and applies to health plans issued or renewed to provide coverage to Minnesota residents on or after that date.)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Opatz amendment and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Carlson	Dempsey	Gleason	Hasskamp	Juhnke
Abrams	Carruthers	Dorman	Goodno	Hausman	Kahn
Anderson, B.	Cassell	Dorn	Gray	Hilty	Kalis
Anderson, I.	Chaudhary	Entenza	Greenfield	Holberg	Kelliher
Bakk	Clark, J.	Erhardt	Greiling	Holsten	Kielkucki
Biernat	Clark, K.	Erickson	Gunther	Howes	Knoblach
Bishop	Daggett	Finseth	Haake	Huntley	Koskinen
Boudreau	Davids	Folliard	Haas	Jaros	Krinkie
Broecker	Dawkins	Fuller	Hackbarth	Jennings	Kubly
Buesgens	Dehler	Gerlach	Harder	Johnson	Kuisle

Larsen, P.	McElroy	Osthoff	Rifenberg	Stang	Wejcman
Larson, D.	McGuire	Otremba	Rostberg	Storm	Wenzel
Leighton	Milbert	Ozment	Rukavina	Swenson	Westerberg
Lenczewski	Molnau	Paulsen	Schumacher	Sykora	Westfall
Leppik	Mullery	Pawlenty	Seagren	Tingelstad	Westrom
Lieder	Murphy	Paymar	Seifert, J.	Tomassoni	Wilkin
Lindner	Ness	Pelowski	Seifert, M.	Trimble	Winter
Luther	Nornes	Peterson	Skoe	Tuma	Wolf
Mares	Olson	Pugh	Skoglund	Tunheim	Workman
Mariani	Opatz	Rest	Smith	Van Dellen	Spk. Sviggum
Marko	Orfield	Reuter	Solberg	Vandeveer	
McCollum	Osskopp	Rhodes	Stanek	Wagenius	

Those who voted in the negative were:

Bradley	Mulder

The motion prevailed and the amendment was adopted.

McCollum and Otremba moved to amend S. F. No. 2225, as amended, as follows:

Page 26, after line 32, insert:

"Health care access

755,000 -0-"

Page 26, after line 44, insert:

"[BREAST AND CERVICAL CANCER SCREENING SERVICES.] Of the health care access fund appropriation, $755,000 for the biennium is for the breast and cervical cancer control program to fund breast and cervical cancer screening through local health care providers for low-income individuals without adequate health insurance. Base level funding for this activity shall be established at $378,000 in the 2002-2003 biennial budget, and shall be provided through the health care access fund established under Minnesota Statutes, section 16A.724, to the extent that the health care access fund has a positive balance."

Correct the totals and the summaries by fund accordingly

The motion prevailed and the amendment was adopted.

Orfield moved to amend S. F. No. 2225, as amended, as follows:

Page 507, after line 16, insert:

"Section 1. Minnesota Statutes 1998, section 62A.60, is amended to read:

62A.60 [RETROACTIVE DENIAL OF EXPENSES.]

In cases where the subscriber or insured is liable for costs beyond applicable copayments or deductibles, no insurer may retroactively deny payment to a person who is covered when the services are provided for health care services that are otherwise covered, if the insurer or its representative failed to provide prior or concurrent review or authorization for the expenses when required to do so under the policy, plan, or certificate. ~~If prior or concurrent review or authorization was provided by the insurer or its representative, and the preexisting condition limitation provision, the general exclusion provision and any other coinsurance, or other policy requirements have been met, the insurer may not deny payment for the authorized service or time period except in cases where fraud or substantive misrepresentation occurred.~~ A health carrier that has given preauthorization approval for a service or treatment may not subsequently deny payment for that service or treatment on the grounds that the service or treatment is not covered by the health plan. At the time a decision regarding the medical necessity of a service or treatment is communicated to an enrollee in accordance with section 62M.05, a health carrier shall also communicate whether the requested service or treatment is a covered benefit."

Page 508, after line 2, insert:

"Sec. 2. Minnesota Statutes 1998, section 62J.72, is amended by adding a subdivision to read:

Subd. 1a. [DISCLOSURE OF COVERAGE AGREEMENT OR SUBSCRIBER CONTRACT.] A health plan company shall, upon request, provide to a prospective enrollee a specimen copy of the actual certificate or other evidence of coverage required to be filed with the commissioner of commerce or commissioner of health under chapter 62A, 62C, or 62D."

Page 524, after line 32, insert:

"(c) A utilization review organization, health plan company, or claims administrator that uses the written procedures required by paragraph (a), clause (1), in determining that care is not appropriate, reasonable, or medically necessary, must provide a copy of the written procedures to the enrollee seeking the care."

Page 525, line 4, strike "should" and insert "shall"

Page 525, line 6, after "professional" insert "and either or both of the following: (1) the enrollee; or (2) the enrollee's representative"

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Orfield amendment and the roll was called. There were 58 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Abrams	Clark, K.	Greiling	Juhnke	Lenczewski	Mullery
Anderson, I.	Dawkins	Hasskamp	Kahn	Luther	Murphy
Bakk	Dorn	Hausman	Kalis	Mariani	Opatz
Biernat	Entenza	Hilty	Kelliher	Marko	Orfield
Carlson	Folliard	Jaros	Kubly	McCollum	Osthoff
Carruthers	Gleason	Jennings	Larson, D.	McGuire	Otremba
Chaudhary	Gray	Johnson	Leighton	Milbert	Paymar

Pelowski	Rest	Skoglund	Trimble	Wagenius	Winter
Peterson	Rukavina	Solberg	Tunheim	Wejcman	
Pugh	Schumacher	Tomassoni	Vandeveer	Wenzel	

Those who voted in the negative were:

Abeler	Dempsey	Holberg	Mares	Rhodes	Sykora
Anderson, B.	Dorman	Holsten	McElroy	Rifenberg	Tingelstad
Bishop	Erhardt	Howes	Molnau	Rostberg	Tuma
Boudreau	Erickson	Huntley	Mulder	Seagren	Van Dellen
Bradley	Finseth	Kielkucki	Ness	Seifert, J.	Westerberg
Broecker	Fuller	Knoblach	Nornes	Seifert, M.	Westfall
Buesgens	Gerlach	Krinkie	Olson	Skoe	Westrom
Cassell	Goodno	Kuisle	Osskopp	Smith	Wilkin
Clark, J.	Gunther	Larsen, P.	Ozment	Stanek	Wolf
Daggett	Haake	Leppik	Paulsen	Stang	Workman
Davids	Haas	Lieder	Pawlenty	Storm	Spk. Sviggum
Dehler	Harder	Lindner	Reuter	Swenson	

The motion did not prevail and the amendment was not adopted.

Orfield moved to amend S. F. No. 2225, as amended, as follows:

Page 508, after line 2, insert:

"Sec. 2. Minnesota Statutes 1998, section 62J.71, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED AGREEMENTS AND DIRECTIVES.] The following types of agreements and directives are contrary to state public policy, are prohibited under this section, and are null and void:

(1) any agreement or directive that prohibits a health care provider from communicating with an enrollee with respect to the enrollee's health status, health care, or treatment options, if the health care provider is acting in good faith and within the provider's scope of practice as defined by law;

(2) any agreement or directive that prohibits a health care provider from making a recommendation regarding the suitability or desirability of a health plan company, health insurer, or health coverage plan for an enrollee, unless the provider has a financial conflict of interest in the enrollee's choice of health plan company, health insurer, or health coverage plan;

(3) any agreement or directive that prohibits a provider from providing testimony, supporting or opposing legislation, or making any other contact with state or federal legislators or legislative staff or with state and federal executive branch officers or staff;

(4) any agreement or directive that prohibits a health care provider from disclosing accurate information about whether services or treatment will be paid for by a patient's health plan company or health insurer or health coverage plan; ~~and~~

(5) any agreement or directive that prohibits a health care provider from informing an enrollee about the nature of the reimbursement methodology used by an enrollee's health plan company, health insurer, or health coverage plan to pay the provider; and

(6) any agreement or directive that provides either a financial or other reward or penalty to a health care provider for making or not making a referral or for prescribing or not prescribing a good or service to be provided by other providers not owned, operated, or otherwise subject to the control of the provider."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Orfield amendment and the roll was called. There were 61 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Abrams	Folliard	Kahn	Marko	Pelowski	Tunheim
Anderson, I.	Gleason	Kalis	McCollum	Peterson	Vandeveer
Bakk	Gray	Kelliher	McGuire	Pugh	Wagenius
Biernat	Greiling	Koskinen	Milbert	Rest	Wejcman
Carlson	Hasskamp	Kubly	Mullery	Rukavina	Wenzel
Carruthers	Hausman	Larson, D.	Murphy	Schumacher	Winter
Chaudhary	Hilty	Leighton	Opatz	Skoe	
Clark, K.	Jaros	Lenczewski	Orfield	Skoglund	
Dawkins	Jennings	Lieder	Osthoff	Solberg	
Dorn	Johnson	Luther	Otremba	Tomassoni	
Entenza	Juhnke	Mariani	Paymar	Trimble	

Those who voted in the negative were:

Abeler	Dempsey	Harder	McElroy	Rifenberg	Tuma
Anderson, B.	Dorman	Holberg	Molnau	Rostberg	Van Dellen
Bishop	Erhardt	Holsten	Mulder	Seagren	Westerberg
Boudreau	Erickson	Howes	Ness	Seifert, J.	Westfall
Bradley	Finseth	Kielkucki	Nornes	Seifert, M.	Westrom
Broecker	Fuller	Knoblach	Olson	Smith	Wilkin
Buesgens	Gerlach	Krinkie	Osskopp	Stanek	Wolf
Cassell	Goodno	Kuisle	Ozment	Stang	Workman
Clark, J.	Gunther	Larsen, P.	Paulsen	Storm	Spk. Sviggum
Daggett	Haake	Leppik	Pawlenty	Swenson	
Davids	Haas	Lindner	Reuter	Sykora	
Dehler	Hackbarth	Mares	Rhodes	Tingelstad	

The motion did not prevail and the amendment was not adopted.

Mullery moved to amend S. F. No. 2225, as amended, as follows:

Page 21, in the third Goodno amendment, after line 28, insert:

"Sec. 33. [62Q.235] [MEDICALLY NECESSARY CARE.]

For purposes of coverage under a health plan, "medically necessary care" means diagnostic testing, preventive services, and health care services that are appropriate, in terms of types, frequency, level, setting, and duration, to the enrollee's diagnosis or condition. Medically necessary care must be consistent with generally accepted practice parameters, as determined by practicing health care providers in the same or similar general specialty as typically manages the condition, procedure, or treatment at issue and must:

(1) help restore, establish, maintain, or improve the enrollee's health or function;

(2) prevent deterioration of the enrollee's health condition; or

(3) prevent the reasonably likely onset of a health problem or detect an incipient problem."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Mullery amendment and the roll was called. There were 42 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Abrams	Clark, K.	Jaros	Mullery	Pugh	Tomassoni
Anderson, I.	Entenza	Kalis	Opatz	Rest	Trimble
Bakk	Folliard	Kelliher	Orfield	Rukavina	Tunheim
Biernat	Gleason	Leighton	Osthoff	Schumacher	Wagenius
Carlson	Gray	Lenczewski	Paymar	Skoe	Wejcman
Carruthers	Greiling	Mariani	Pelowski	Skoglund	Wenzel
Chaudhary	Hilty	Milbert	Peterson	Solberg	Winter

Those who voted in the negative were:

Abeler	Dorn	Holberg	Larson, D.	Osskopp	Storm
Anderson, B.	Erhardt	Holsten	Leppik	Ozment	Swenson
Bishop	Erickson	Howes	Lindner	Paulsen	Sykora
Boudreau	Finseth	Huntley	Luther	Pawlenty	Tingelstad
Bradley	Fuller	Johnson	Mares	Reuter	Tuma
Broecker	Gerlach	Juhnke	Marko	Rhodes	Van Dellen
Buesgens	Goodno	Kahn	McElroy	Rifenberg	Vandeveer
Cassell	Greenfield	Kielkucki	McGuire	Rostberg	Westerberg
Clark, J.	Gunther	Knoblach	Molnau	Seagren	Westfall
Daggett	Haake	Koskinen	Mulder	Seifert, J.	Westrom
Davids	Haas	Krinkie	Murphy	Seifert, M.	Wilkin
Dehler	Hackbarth	Kubly	Ness	Smith	Wolf
Dempsey	Harder	Kuisle	Nornes	Stanek	Workman
Dorman	Hasskamp	Larsen, P.	Olson	Stang	Spk. Sviggum

The motion did not prevail and the amendment was not adopted.

Mullery and Orfield offered an amendment to S. F. No. 2225, as amended.

POINT OF ORDER

Pawlenty raised a point of order pursuant to rule 3.21 that the Mullery and Orfield amendment was not in order. The Speaker ruled the point of order well taken and the Mullery and Orfield amendment out of order.

S. F. No. 2225, A bill for an act relating to human services; appropriating money for the departments of human services and health, the veterans nursing homes board, the health-related boards, the emergency medical services board, the council on disability, the ombudsman for mental health and mental retardation, and the ombudsman for families; establishing the state board of physical therapy; amending Minnesota Statutes 1998, sections 13.99, subdivision 38a, and by adding a subdivision; 16A.76, subdivision 2; 16C.10, subdivision 5; 60A.15, subdivision 1; 62A.045; 62E.11, by adding a subdivision; 62J.69; 116L.02; 125A.08; 125A.21, subdivision 1; 125A.74, subdivisions 1 and 2; 144.065; 144.148; 144.1761, subdivision 1; 144.99, subdivision 1, and by adding a subdivision; 144A.073, subdivision 5; 144A.10, by adding subdivisions; 144A.46, subdivision 2; 144D.01, subdivision 4; 144E.001, by adding subdivisions; 144E.10, subdivision 1; 144E.11, by adding a subdivision; 144E.16, subdivision 4; 144E.18; 144E.27, by adding subdivisions; 144E.50, by adding a subdivision; 145.924; 145.9255, subdivisions 1 and 4; 145A.02, subdivision 10; 145.9255, subdivisions 1 and 4; 148.5194, subdivisions 2, 3, 4, and by adding a subdivision; 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; 148B.32, subdivision 1; 150A.10, subdivision 1; 214.01, subdivision 2; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245A.04, subdivision 3a; 245A.08, subdivision 5; 245A.30; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.291, by adding a subdivision; 252.32, subdivision 3a; 252.46, subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254B.01, by adding a subdivision; 254B.03, subdivision 2; 254B.04, subdivision 1; 254B.05, subdivision 1; 256.01, subdivision 2; 256.015, subdivisions 1 and 3; 256.87, subdivision 1a; 256.955, subdivisions 3, 4, 7, 8, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.042, subdivisions 1, 2, and 3; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, subdivision 3, and by adding a subdivision; 256B.0575; 256B.061; 256B.0625, subdivisions 6a, 8, 8a, 13, 19c, 20, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.064, subdivisions 1a, 1b, 1c, 2, and by adding a subdivision; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, 12, and 16; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.37, subdivision 2; 256B.431, subdivisions 2i, 17, 26, and by adding a subdivision; 256B.434, subdivisions 3, 4, 13, and by adding a subdivision; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a, and by adding a subdivision; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5b, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, and by adding subdivisions; 256D.03, subdivisions 3, 4, and 8; 256D.051, subdivision 2a, and by adding a subdivision; 256D.053, subdivision 1; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, 9, and 10; 256I.04, subdivision 3; 256I.05, subdivisions 1 and 1a; 256J.08, subdivisions 11, 24, 65, 82, 83, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, 9, and by adding a subdivision; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 256J.35; 256J.36; 256J.37, subdivisions 1, 1a, 2, 9, and 10; 256J.38, subdivision 4; 256J.42, subdivisions 1, 5, and by adding a subdivision; 256J.43; 256J.45, subdivision 1; 256J.46, subdivisions 1, 2, and 2a; 256J.47, subdivision 4; 256J.48, subdivisions 2 and 3; 256J.50, subdivision 1; 256J.515; 256J.52, subdivisions 1, 4, 8, and by adding a subdivision; 256J.55, subdivision 4; 256J.56; 256J.57, subdivision 1; 256J.62, subdivisions 1, 6, 7, 8, 9, and by adding a subdivision; 256J.67, subdivision 4; 256J.74, subdivision 2; 256J.76, subdivisions 1, 2, and 4; 256L.03, subdivisions 5 and 6; 256L.04, subdivisions 2, 7, 8, 11, and 13; 256L.05, subdivision 4, and by adding a subdivision; 256L.06, subdivision 3; 256L.07; 256L.15, subdivisions 1, 1b, 2, and 3; 257.071, subdivisions 1, 1a, 1c, 1d, 1e, 3, and 4; 257.66, subdivision 3; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 4, 5, 6, 7, 9, and 11; 259.29, subdivision 2; 259.67, subdivisions 6 and 7; 259.73; 259.85, subdivisions 2, 3, and 5; 259.89, by adding a

subdivision; 260.011, subdivision 2; 260.012; 260.015, subdivisions 2a, 13, and 29; 260.131, subdivision 1a; 260.133, subdivisions 1 and 2; 260.135, by adding a subdivision; 260.172, subdivision 1, and by adding a subdivision; 260.181, subdivision 3; 260.191, subdivisions 1, 1a, 1b, and 3b; 260.192; 260.221, subdivisions 1, 1a, 1b, 1c, 3, and 5; 326.40, subdivisions 2, 4, and 5; 518.10; 518.158, subdivisions 1 and 2; 518.551, by adding a subdivision; 518.5853, by adding a subdivision; 626.556, subdivisions 2, 3, 4, 7, 10, 10b, 10d, 10e, 10f, 10i, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 1; Laws 1995, chapter 178, article 2, section 46, subdivision 10; chapter 207, article 8, section 41, as amended; Laws 1997, chapter 203, article 9, section 19; Laws 1998, chapter 407, article 7, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 10; 62J; 116L; 137; 144; 144A; 144E; 148; 214; 245; 246; 252; 254A; 256; 256B; 256J; and 626; proposing coding for new law as Minnesota Statutes, chapter 256M; repealing Minnesota Statutes 1998, sections 62J.77; 62J.78; 62J.79; 144.0723; 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; 144E.30, subdivisions 1, 2, and 6; 145.46; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256B.74, subdivisions 2 and 5; 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.03; 256J.30, subdivision 6; 256J.53, subdivision 4; 256J.62, subdivisions 2, 3, and 5; 257.071, subdivisions 8 and 10; and 462A.208; Laws 1997, chapter 85, article 1, section 63; chapter 203, article 4, section 55; chapter 225, article 6, section 8; Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900; 4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 4690.2200, subparts 1, 3, 4, and 5; 4690.2300; 4690.2400, subparts 1, 2, and 3; 4690.2500; 4690.2900; 4690.3000; 4690.3700; 4690.3900; 4690.4000; 4690.4100; 4690.4200; 4690.4300; 4690.4400; 4690.4500; 4690.4600; 4690.4700; 4690.4800; 4690.4900; 4690.5000; 4690.5100; 4690.5200; 4690.5300; 4690.5400; 4690.5500; 4690.5700; 4690.5800; 4690.5900; 4690.6000; 4690.6100; 4690.6200; 4690.6300; 4690.6400; 4690.6500; 4690.6600; 4690.6700; 4690.6800; 4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 92 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Abeler	Finseth	Juhnke	Mulder	Rifenberg	Tunheim
Anderson, B.	Fuller	Kalis	Murphy	Rostberg	Van Dellen
Anderson, I.	Gerlach	Kielkucki	Ness	Schumacher	Vandeveer
Boudreau	Goodno	Knoblach	Nornes	Seagren	Wenzel
Bradley	Greenfield	Krinkie	Olson	Seifert, J.	Westerberg
Broecker	Gunther	Kubly	Opatz	Seifert, M.	Westfall
Buesgens	Haake	Kuisle	Osskopp	Skoe	Westrom
Carlson	Haas	Larsen, P.	Otremba	Smith	Wilkin
Cassell	Hackbarth	Lenczewski	Ozment	Solberg	Winter
Clark, J.	Harder	Lieder	Paulsen	Stanek	Wolf
Daggett	Hasskamp	Lindner	Pawlenty	Stang	Workman
Davids	Holberg	Luther	Pelowski	Storm	Spk. Sviggum
Dehler	Holsten	Mares	Peterson	Swenson	
Dempsey	Howes	McCollum	Pugh	Sykora	
Dorman	Jennings	Milbert	Rest	Tingelstad	
Erickson	Johnson	Molnau	Reuter	Tuma	

Those who voted in the negative were:

Abrams	Bishop	Clark, K.	Entenza	Gleason	Hausman
Bakk	Carruthers	Dawkins	Erhardt	Gray	Hilty
Biernat	Chaudhary	Dorn	Folliard	Greiling	Huntley

Jaros	Larson, D.	Marko	Orfield	Rukavina	Wagenius
Kahn	Leighton	McElroy	Osthoff	Skoglund	Wejcman
Kelliher	Leppik	McGuire	Paymar	Tomassoni	
Koskinen	Mariani	Mullery	Rhodes	Trimble	

The bill was passed, as amended, and its title agreed to.

Greenfield was excused for the remainder of today's session.

Reuter was excused between the hours of 6:30 p.m. and 10:20 p.m.

Pawlenty moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Bishop announced his intention to place H. F. No. 2333 on the Fiscal Calendar for Monday, April 26, 1999.

FISCAL CALENDAR

Pursuant to rule 1.22, Bishop requested immediate consideration of S. F. No. 2223.

S. F. No. 2223 was reported to the House.

Seifert, M.; Leppik and Cassell moved to amend S. F. No. 2223, the unofficial engrossment, as follows:

Page 54, line 24, after the period, insert "Nothing in this section shall be construed as diminishing any rights defined in collective bargaining agreements provided for under Minnesota Statutes, chapter 179A. The percentages in clauses (a) and (b) shall be applied using methods delineated in section 58, subdivision 3, and section 59."

A roll call was requested and properly seconded.

The question was taken on the Seifert, M., et al amendment and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, I.	Bishop	Broecker	Carruthers	Clark, J.
Abrams	Bakk	Boudreau	Buesgens	Cassell	Clark, K.
Anderson, B.	Biernat	Bradley	Carlson	Chaudhary	Daggett

Davids	Haas	Koskinen	Molnau	Rest	Tomassoni
Dawkins	Hackbarth	Krinkie	Mulder	Rhodes	Trimble
Dehler	Harder	Kubly	Mullery	Rifenberg	Tuma
Dempsey	Hasskamp	Kuisle	Murphy	Rostberg	Tunheim
Dorman	Hausman	Larsen, P.	Ness	Rukavina	Van Dellen
Dorn	Hilty	Larson, D.	Nornes	Schumacher	Vandeveer
Entenza	Holberg	Leighton	Olson	Seagren	Wagenius
Erhardt	Holsten	Lenczewski	Opatz	Seifert, J.	Wejcman
Erickson	Howes	Leppik	Orfield	Seifert, M.	Wenzel
Finseth	Huntley	Lieder	Osskopp	Skoe	Westerberg
Folliard	Jaros	Lindner	Osthoff	Skoglund	Westfall
Fuller	Jennings	Luther	Otremba	Smith	Westrom
Gerlach	Johnson	Mares	Ozment	Solberg	Wilkin
Gleason	Juhnke	Mariani	Paulsen	Stanek	Winter
Goodno	Kahn	Marko	Pawlenty	Stang	Wolf
Gray	Kalis	McCollum	Paymar	Storm	Workman
Greiling	Kelliher	McElroy	Pelowski	Swenson	Spk. Sviggum
Gunther	Kielkucki	McGuire	Peterson	Sykora	
Haake	Knoblach	Milbert	Pugh	Tingelstad	

The motion prevailed and the amendment was adopted.

Stanek moved to amend S. F. No. 2223, the unofficial engrossment, as amended, as follows:

Page 5, delete lines 21 to 36

A roll call was requested and properly seconded.

The question was taken on the Stanek amendment and the roll was called. There were 63 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Holsten	Marko	Rifenberg	Tuma
Abrams	Erhardt	Howes	McElroy	Seagren	Van Dellen
Boudreau	Folliard	Kielkucki	Molnau	Seifert, J.	Vandeveer
Bradley	Fuller	Knoblach	Ness	Seifert, M.	Westerberg
Broecker	Gerlach	Kuisle	Osthoff	Smith	Wilkin
Carlson	Goodno	Larsen, P.	Ozment	Stanek	Wolf
Chaudhary	Haake	Larson, D.	Paulsen	Stang	Workman
Daggett	Haas	Lenczewski	Pawlenty	Storm	Spk. Sviggum
Davids	Hackbarth	Lindner	Pelowski	Swenson	
Dempsey	Harder	Luther	Rest	Sykora	
Dorman	Holberg	Mares	Rhodes	Tingelstad	

Those who voted in the negative were:

Anderson, B.	Buesgens	Dawkins	Gleason	Hilty	Juhnke
Anderson, I.	Carruthers	Dehler	Gray	Huntley	Kahn
Bakk	Cassell	Dorn	Greiling	Jaros	Kalis
Biernat	Clark, J.	Erickson	Gunther	Jennings	Kelliher
Bishop	Clark, K.	Finseth	Hausman	Johnson	Krinkie

Kubly	McGuire	Opatz	Pugh	Solberg	Wenzel
Leighton	Milbert	Orfield	Rostberg	Tomassoni	Westfall
Leppik	Mulder	Osskopp	Rukavina	Trimble	Westrom
Lieder	Mullery	Otremba	Schumacher	Tunheim	Winter
Mariani	Nornes	Paymar	Skoe	Wagenius	
McCollum	Olson	Peterson	Skoglund	Wejcman	

The motion did not prevail and the amendment was not adopted.

Ozment; Kalis; Winter; Harder; Rukavina; Smith; Fuller; Daggett; Olson; Stanek; Hackbarth; Larsen, P.; Wolf; Westerberg; Howes; Lindner; Abeler; Westrom; Davids; Kuisle; Tomassoni; Rostberg; Erhardt; Hasskamp; Seifert, J.; Bakk; Schumacher; Cassell and Clark, J., offered an amendment to S. F. No. 2223, the unofficial engrossment, as amended.

Kahn requested a division of the Ozment et al amendment to S. F. No. 2223, the unofficial engrossment, as amended.

The first portion of the Ozment et al amendment to S. F. No. 2223, the unofficial engrossment, as amended, reads as follows:

Page 5, line 50, delete "9,124,000" and insert "8,770,000" and delete "9,462,000" and insert "9,108,000"

Pages 48 and 49, delete article 2, section 45

A roll call was requested and properly seconded.

The question was taken on the first portion of the Ozment et al amendment and the roll was called. There were 116 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Luther	Pelowski	Sykora
Abrams	Dorn	Howes	Mares	Peterson	Tingelstad
Anderson, I.	Entenza	Huntley	Mariani	Pugh	Tomassoni
Bakk	Erhardt	Jaros	Marko	Rest	Trimble
Biernat	Finseth	Jennings	McCollum	Rhodes	Tuma
Bishop	Folliard	Johnson	McElroy	Rifenberg	Tunheim
Boudreau	Fuller	Juhnke	McGuire	Rostberg	Wagenius
Bradley	Gleason	Kalis	Milbert	Rukavina	Wejcman
Broecker	Goodno	Kelliher	Molnau	Schumacher	Wenzel
Carlson	Gray	Knoblach	Mullery	Seagren	Westerberg
Carruthers	Greiling	Koskinen	Murphy	Seifert, J.	Westfall
Cassell	Gunther	Kubly	Ness	Seifert, M.	Westrom
Chaudhary	Haake	Kuisle	Nornes	Skoe	Winter
Clark, J.	Haas	Larsen, P.	Opatz	Skoglund	Wolf
Clark, K.	Hackbarth	Larson, D.	Orfield	Smith	Workman
Daggett	Harder	Leighton	Otremba	Solberg	Spk. Sviggum
Davids	Hasskamp	Lenczewski	Ozment	Stanek	
Dawkins	Hausman	Leppik	Paulsen	Stang	
Dehler	Hilty	Lieder	Pawlenty	Storm	
Dempsey	Holberg	Lindner	Paymar	Swenson	

Those who voted in the negative were:

Anderson, B.	Gerlach	Krinkie	Osskopp	Vandeveer
Buesgens	Kahn	Mulder	Osthoff	Wilkin
Erickson	Kielkucki	Olson	Van Dellen	

The motion prevailed and the first portion of the Ozment et al amendment was adopted.

The second portion of the Ozment et al amendment to S. F. No. 2223, the unofficial engrossment, as amended, reads as follows:

Page 56, line 23, after "207A.10;" insert "356.219;"

A roll call was requested and properly seconded.

POINT OF ORDER

Kahn raised a point of order pursuant to rule 3.21 that the second portion of the Ozment et al amendment was not in order. The Speaker ruled the point of order not well taken and the second portion of the Ozment et al amendment in order.

The question recurred on the second portion of the Ozment et al amendment and the roll was called. There were 115 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Huntley	Mares	Peterson	Tingelstad
Abrams	Dorn	Jaros	Mariani	Pugh	Tomassoni
Anderson, I.	Entenza	Jennings	Marko	Rest	Tuma
Bakk	Erhardt	Johnson	McCollum	Rhodes	Tunheim
Biernat	Finseth	Juhnke	McElroy	Rifenberg	Vandeveer
Bishop	Folliard	Kalis	McGuire	Rostberg	Wejcman
Boudreau	Fuller	Kelliher	Milbert	Rukavina	Wenzel
Bradley	Gleason	Kielkucki	Molnau	Schumacher	Westerberg
Broecker	Goodno	Knoblach	Mullery	Seagren	Westfall
Carlson	Gray	Koskinen	Murphy	Seifert, J.	Westrom
Carruthers	Gunther	Kubly	Ness	Seifert, M.	Wilkin
Cassell	Haake	Kuisle	Nornes	Skoe	Winter
Chaudhary	Haas	Larsen, P.	Opatz	Skoglund	Wolf
Clark, J.	Hackbarth	Larson, D.	Orfield	Smith	Workman
Clark, K.	Harder	Leighton	Otremba	Solberg	Spk. Sviggum
Daggett	Hasskamp	Lenczewski	Ozment	Stanek	
Davids	Hilty	Leppik	Paulsen	Stang	
Dawkins	Holberg	Lieder	Pawlenty	Storm	
Dehler	Holsten	Lindner	Paymar	Swenson	
Dempsey	Howes	Luther	Pelowski	Sykora	

Those who voted in the negative were:

Anderson, B.	Gerlach	Kahn	Olson	Trimble
Buesgens	Greiling	Krinkie	Osskopp	Van Dellen
Erickson	Hausman	Mulder	Osthoff	Wagenius

The motion prevailed and the second portion of the Ozment et al amendment was adopted.

Dempsey; Stanek; Larsen, P.; Cassell; Ozment; Jennings; Smith; Rostberg and Howes moved to amend S. F. No. 2223, the unofficial engrossment, as amended, as follows:

Page 9, line 33, delete "$3,810,000" and insert "$3,576,000"

Delete page 9, line 34 to page 10, line 1

Adjust section and bill totals accordingly

A roll call was requested and properly seconded.

The question was taken on the Dempsey et al amendment and the roll was called. There were 85 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Howes	Leppik	Ozment	Swenson
Anderson, I.	Dorn	Huntley	Lieder	Paymar	Tingelstad
Bakk	Entenza	Jaros	Luther	Pelowski	Tomassoni
Biernat	Folliard	Jennings	Mariani	Pugh	Trimble
Boudreau	Fuller	Johnson	Marko	Rest	Tunheim
Broecker	Gleason	Juhnke	McCollum	Rhodes	Vandeveer
Carlson	Goodno	Kahn	McGuire	Rostberg	Wagenius
Carruthers	Gray	Kalis	Milbert	Rukavina	Wejcman
Cassell	Greiling	Kelliher	Mullery	Schumacher	Wenzel
Chaudhary	Haas	Koskinen	Murphy	Seifert, J.	Winter
Clark, K.	Hackbarth	Kubly	Nornes	Skoe	
Daggett	Hasskamp	Larsen, P.	Opatz	Skoglund	
Dawkins	Hausman	Larson, D.	Orfield	Smith	
Dehler	Hilty	Leighton	Osskopp	Solberg	
Dempsey	Holsten	Lenczewski	Otremba	Stanek	

Those who voted in the negative were:

Abrams	Erhardt	Kielkucki	Molnau	Seagren	Westerberg
Anderson, B.	Erickson	Knoblach	Mulder	Seifert, M.	Westfall
Bishop	Finseth	Krinkie	Olson	Stang	Westrom
Bradley	Gerlach	Kuisle	Paulsen	Storm	Wilkin
Buesgens	Haake	Lindner	Pawlenty	Sykora	Wolf
Clark, J.	Harder	Mares	Peterson	Tuma	Workman
Davids	Holberg	McElroy	Rifenberg	Van Dellen	Spk. Sviggum

The motion prevailed and the amendment was adopted.

Entenza moved to amend S. F. No. 2223, the unofficial engrossment, as amended, as follows:

Page 6, line 38, delete "14,994,000" and insert "$13,091,000"

Page 6, line 39, delete "$6,000,000" and insert "$4,097,000"

Page 11, line 3, delete "$1,250,000" and insert "$2,050,000"

Page 11, line 4, delete "$1,250,000" and insert "$2,050,000"

Page 11, line 36, delete "$233,000" and insert "$384,000" and delete "$232,000" and insert "$384,000"

Page 11, line 42, before the period, insert "and Minnesota Public Radio, Inc."

Increase subdivision and section totals accordingly

A roll call was requested and properly seconded.

Howes, Fuller and Dorman moved to amend the Entenza amendment to S. F. No. 2223, the unofficial engrossment , as amended, as follows:

Page 1, delete lines 3 and 4 and insert:

"Page 5, line 52, delete "27,862,000" and insert "25,959,000"

Page 5, line 54, delete "25,554,000" and insert "23,651,000""

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 70 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	Mares	Rifenberg	Tuma
Abrams	Dempsey	Harder	McElroy	Rostberg	Van Dellen
Anderson, B.	Dorman	Holberg	Molnau	Seagren	Vandeveer
Bishop	Erhardt	Holsten	Mulder	Seifert, J.	Westerberg
Boudreau	Erickson	Howes	Ness	Seifert, M.	Westfall
Bradley	Finseth	Kielkucki	Nornes	Smith	Westrom
Broecker	Fuller	Knoblach	Olson	Stanek	Wilkin
Buesgens	Gerlach	Krinkie	Osskopp	Stang	Wolf
Cassell	Goodno	Kuisle	Ozment	Storm	Workman
Clark, J.	Gunther	Larsen, P.	Paulsen	Swenson	Spk. Sviggum
Daggett	Haake	Leppik	Pawlenty	Sykora	
Davids	Haas	Lindner	Rhodes	Tingelstad	

Those who voted in the negative were:

Anderson, I.	Carlson	Clark, K.	Entenza	Gray	Hausman
Bakk	Carruthers	Dawkins	Folliard	Greiling	Hilty
Biernat	Chaudhary	Dorn	Gleason	Hasskamp	Huntley

Jaros	Koskinen	Mariani	Opatz	Pugh	Tomassoni
Jennings	Kubly	Marko	Orfield	Rest	Trimble
Johnson	Larson, D.	McCollum	Osthoff	Rukavina	Tunheim
Juhnke	Leighton	McGuire	Otremba	Schumacher	Wejcman
Kahn	Lenczewski	Milbert	Paymar	Skoe	Wenzel
Kalis	Lieder	Mullery	Pelowski	Skoglund	Winter
Kelliher	Luther	Murphy	Peterson	Solberg	

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Entenza amendment, as amended, and the roll was called. There were 44 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dorman	Hausman	Leighton	Opatz	Solberg
Bakk	Entenza	Howes	Lenczewski	Orfield	Tomassoni
Biernat	Folliard	Jaros	Lieder	Otremba	Trimble
Carlson	Fuller	Johnson	Luther	Peterson	Westrom
Carruthers	Gleason	Juhnke	Mariani	Pugh	
Chaudhary	Gray	Kahn	Marko	Rukavina	
Clark, K.	Greiling	Koskinen	McCollum	Schumacher	
Dawkins	Hasskamp	Kubly	McGuire	Skoe	

Those who voted in the negative were:

Abeler	Dorn	Huntley	Milbert	Rhodes	Tuma
Abrams	Erhardt	Jennings	Molnau	Rifenberg	Tunheim
Anderson, B.	Erickson	Kalis	Mulder	Rostberg	Van Dellen
Bishop	Finseth	Kelliher	Mullery	Seagren	Vandeveer
Boudreau	Gerlach	Kielkucki	Murphy	Seifert, J.	Wejcman
Bradley	Goodno	Knoblach	Ness	Seifert, M.	Wenzel
Broecker	Gunther	Krinkie	Nornes	Skoglund	Westerberg
Buesgens	Haake	Kuisle	Olson	Smith	Westfall
Cassell	Haas	Larsen, P.	Osskopp	Stanek	Wilkin
Clark, J.	Hackbarth	Larson, D.	Osthoff	Stang	Winter
Daggett	Harder	Leppik	Ozment	Storm	Wolf
Davids	Hilty	Lindner	Paulsen	Swenson	Workman
Dehler	Holberg	Mares	Pawlenty	Sykora	Spk. Sviggum
Dempsey	Holsten	McElroy	Pelowski	Tingelstad	

The motion did not prevail and the amendment, as amended, was not adopted.

The Speaker called Abrams to the Chair.

S. F. No. 2223, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government with certain conditions; amending Minnesota Statutes 1998, sections 3.17; 3C.12, subdivision 2; 8.15, subdivisions 1, 2, and 3; 13.03, subdivision 2; 13.05, by adding a subdivision; 13.073, by adding a subdivision; 15.50, subdivision 2; 16A.102, subdivision 1; 16A.129, subdivision 3; 16A.45, subdivision 1; 16A.85, subdivision 1; 16B.03; 16B.104; 16B.24, subdivision 5; 16B.31, subdivision 2; 16B.32, subdivision 2; 16B.42, subdivision 1; 16B.465, subdivision 3; 16B.72; 16B.73;

16C.14, subdivision 1; 16D.04, subdivision 2; 16E.01, subdivision 1; 16E.02; 16E.08; 43A.047; 43A.22; 43A.23, subdivisions 1 and 2; 43A.30, by adding a subdivision; 43A.31, subdivision 2, and by adding a subdivision; 138.17, subdivisions 7 and 8; 192.49, subdivision 3; 197.79, subdivision 10; 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; 204B.28, subdivision 1; 240A.09; 297F.08, by adding a subdivision; 325K.03, by adding a subdivision; 325K.04; 325K.05, subdivision 1; 325K.09, by adding a subdivision; 325K.10, subdivision 5; 325K.14, by adding a subdivision; 325K.15, by adding a subdivision; and 349.163, subdivision 4; Laws 1993, chapter 192, section 16; Laws 1994, chapter 643, section 69, subdivision 1; Laws 1995, First Special Session chapter 3, article 12, section 7, subdivision 1, as amended; Laws 1997, chapter 202, article 2, section 61; and Laws 1998, chapter 366, section 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 240A; and 325F; repealing Minnesota Statutes 1998, sections 16A.103, subdivision 3; 16E.11; 16E.12; and 16E.13; Laws 1991, chapter 235, article 5, section 3, as amended; Minnesota Rules, part 8275.0045, subpart 2.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 70 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	Lindner	Rhodes	Tuma
Abrams	Dempsey	Harder	Mares	Rifenberg	Van Dellen
Anderson, B.	Dorman	Holberg	McElroy	Rostberg	Vandeveer
Bishop	Erhardt	Holsten	Molnau	Seagren	Westerberg
Boudreau	Erickson	Howes	Mulder	Seifert, J.	Westfall
Bradley	Finseth	Kahn	Ness	Seifert, M.	Westrom
Broecker	Fuller	Kielkucki	Nornes	Smith	Wilkin
Buesgens	Gerlach	Knoblach	Olson	Stang	Wolf
Cassell	Goodno	Krinkie	Osskopp	Storm	Workman
Clark, J.	Gunther	Kuisle	Ozment	Swenson	Spk. Sviggum
Daggett	Haake	Larsen, P.	Paulsen	Sykora	
Davids	Haas	Leppik	Pawlenty	Tingelstad	

Those who voted in the negative were:

Anderson, I.	Folliard	Juhnke	Mariani	Otremba	Skoglund
Bakk	Gleason	Kalis	Marko	Paymar	Solberg
Biernat	Gray	Kelliher	McCollum	Pelowski	Tomassoni
Carlson	Greiling	Koskinen	McGuire	Peterson	Trimble
Carruthers	Hasskamp	Kubly	Milbert	Pugh	Tunheim
Chaudhary	Hausman	Larson, D.	Mullery	Rest	Wagenius
Clark, K.	Huntley	Leighton	Murphy	Reuter	Wejcman
Dawkins	Jaros	Lenczewski	Opatz	Rukavina	Wenzel
Dorn	Jennings	Lieder	Orfield	Schumacher	Winter
Entenza	Johnson	Luther	Osthoff	Skoe	

The bill was passed, as amended, and its title agreed to.

The Speaker resumed the Chair.

CALENDAR FOR THE DAY

Pawlenty moved that the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Sviggum moved that the name of Bishop be added as chief author and Sviggum be shown as second author on H. F. No. 90. The motion prevailed.

Clark, K., moved that her name be stricken as an author on H. F. No. 337. The motion prevailed.

Clark, K., moved that her name be stricken as an author on House Resolution No. 2. The motion prevailed.

Ozment; Osthoff; Westfall; Tingelstad; Rostberg; Anderson, I.; Osskopp; Swenson; Bakk; Skoe; Peterson; Kelliher; Holsten and Hausman introduced:

House Resolution No. 10, A house resolution recognizing Earth Day as a day of service, education, and awareness.

SUSPENSION OF RULES

Ozment moved that the rules be so far suspended that House Resolution No. 10 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE RESOLUTION NO. 10

A house resolution recognizing Earth Day as a day of service, education, and awareness.

Whereas, protection of our environment is of vital importance to the people of Minnesota; and

Whereas, each person has a right to clean and healthful air and water and wise public management of our natural resources without infringement by other persons or organizations; and

Whereas, Earth Day has become universally recognized as the state and national day of environmental action, serving as a renewal to a pledge of environmental commitment, and a public demonstration of the people's common voice for the earth; and

Whereas, Minnesota has demonstrated and acknowledged its commitment to the environment by the enactment of many strong environmental laws and educational opportunities since the original Earth Day; *Now, Therefore,*

Be It Resolved by the House of Representatives of the State of Minnesota that it recognizes Earth Day, April 22, as a day of service and education and a commitment to the preservation of the environment and its natural resources.

Be It Further Resolved that the Chief Clerk of the House of Representatives deliver an enrolled copy of this resolution to Representative Willard Munger whose presence is missed in the House of Representatives.

Ozment moved that House Resolution No. 10 be now adopted. The motion prevailed and House Resolution No. 10 was adopted.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 621:

Fuller; Larsen, P., and McGuire.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2390:

McElroy, Gunther, Davids, Lindner and Trimble.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 556:

Leighton, McCollum and Davids.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1204:

Rostberg, Rhodes and Gleason.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1471:

Storm; Larsen, P., and Kubly.

ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 12:00 noon, Monday, April 26, 1999. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Monday, April 26, 1999.

EDWARD A. BURDICK, Chief Clerk, House of Representatives