..... moves to amend H.F. No. 945, the delete everything amendment (A17-0300), as follows:

Page 21, after line 8, insert:

"**EFFECTIVE DATE.** This section is effective retroactively from April 1, 2017, or from the effective date of federal approval, whichever is later."

Page 25, after line 25, insert:

"Sec. .... Minnesota Statutes 2016, 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, and public health clinic services. 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 (FQHC) 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~~ An FQHC 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~~ an FQHC 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~~ FQHCs 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~~ an FQHC 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~~ FQHCs 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~~ FQHCs 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~~ FQHCs or rural health clinics.

(d) Effective July 1, 1999, the provisions of paragraph (c) requiring ~~a federally qualified health center~~ an FQHC 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.

(f) Effective January 1, 2001, through December 31, 2018, each ~~federally qualified health center~~ FQHC and rural health clinic may elect to be paid either under the prospective payment system established in United States Code, title 42, section 1396a(aa), or under an alternative payment methodology consistent with the requirements of United States Code, title 42, section 1396a(aa), and approved by the Centers for Medicare and Medicaid Services. The alternative payment methodology shall be 100 percent of cost as determined according to Medicare cost principles.

(g) Effective for services provided on or after January 1, 2019, all claims for payment of clinic services provided by FQHCs and rural health clinics shall be paid by the commissioner, according to an annual election by the FQHC or rural health clinic, under the current prospective payment system described in paragraph (f), the alternative payment methodology described in paragraph (f), or the alternative payment methodology described in paragraph (l).

~~(g)~~ (h) For purposes of this section, "nonprofit community clinic" is a clinic that:

(1) has nonprofit status as specified in chapter 317A;

(2) has tax exempt status as provided in Internal Revenue Code, section 501(c)(3);

(3) is established to provide health services to low-income population groups, uninsured, high-risk and special needs populations, underserved and other special needs populations;

(4) employs professional staff at least one-half of which are familiar with the cultural background of their clients;

(5) charges for services on a sliding fee scale designed to provide assistance to low-income clients based on current poverty income guidelines and family size; and

(6) does not restrict access or services because of a client's financial limitations or public assistance status and provides no-cost care as needed.

~~(h)~~ (i) Effective for services provided on or after January 1, 2015, all claims for payment of clinic services provided by ~~federally qualified health centers~~ FQHCs and rural health clinics shall be paid by the commissioner. Effective for services provided on or after January 1, 2015, through July 1, 2017, the commissioner shall determine the most feasible method for paying claims from the following options:

(1) ~~federally qualified health centers~~ FQHCs and rural health clinics submit claims directly to the commissioner for payment, and the commissioner provides claims information for recipients enrolled in a managed care or county-based purchasing plan to the plan, on a regular basis; or

(2) ~~federally qualified health centers~~ FQHCs and rural health clinics submit claims for recipients enrolled in a managed care or county-based purchasing plan to the plan, and those claims are submitted by the plan to the commissioner for payment to the clinic.

Effective for services provided on or after January 1, 2019, FQHCs and rural health clinics shall submit claims directly to the commissioner for payment and the commissioner shall provide claims information for recipients enrolled in a managed care plan or county-based purchasing plan to the plan on a regular basis to be determined by the commissioner.

~~(i)~~ (j) For clinic services provided prior to January 1, 2015, the commissioner shall calculate and pay monthly the proposed managed care supplemental payments to clinics, and clinics shall conduct a timely review of the payment calculation data in order to finalize all supplemental payments in accordance with federal law. Any issues arising from a clinic's review must be reported to the commissioner by January 1, 2017. Upon final agreement between the commissioner and a clinic on issues identified under this subdivision, and in accordance with United States Code, title 42, section 1396a(bb), no supplemental payments for managed care plan or county-based purchasing plan claims for services provided prior

to January 1, 2015, shall be made after June 30, 2017. If the commissioner and clinics are unable to resolve issues under this subdivision, the parties shall submit the dispute to the arbitration process under section 14.57.

~~(j)~~ (k) The commissioner shall seek a federal waiver, authorized under section 1115 of the Social Security Act, to obtain federal financial participation at the 100 percent federal matching percentage available to facilities of the Indian Health Service or tribal organization in accordance with section 1905(b) of the Social Security Act for expenditures made to organizations dually certified under Title V of the Indian Health Care Improvement Act, Public Law 94-437, and as a federally qualified health center under paragraph (a) that provides services to American Indian and Alaskan Native individuals eligible for services under this subdivision.

(l) Effective for services provided on or after January 1, 2019, all claims for payment of clinic services provided by federally qualified health centers and rural health clinics shall be paid by the commissioner according to the current prospective payment system described in paragraph (f), or an alternative payment methodology with the following requirements:

(1) each federally qualified health center and rural health clinic must receive a single medical and a single dental organization rate;

(2) the commissioner shall reimburse federally qualified health centers and rural health clinics for allowable costs, including direct patient care costs and patient-related support services, based upon Medicare cost principles that apply at the time the alternative payment methodology is calculated;

(3) the 2019 payment rates for federally qualified health centers and rural health clinics:

(i) must be determined using each federally qualified health center's and rural health clinic's Medicare cost reports from 2015 and 2016. A provider must submit the required cost reports to the commissioner within six months of the second base year calendar or fiscal year end. Cost reports must be submitted six months before the quarter in which the base rate will take effect;

(ii) must be according to current Medicare cost principles applicable to federally qualified health centers and rural health clinics at the time of the alternative payment rate calculation without the application of productivity screens and upper payment limits or the Medicare prospective payment system federally qualified health center aggregate mean upper payment limit; and

(iii) must provide for a 60-day appeals process;

(4) the commissioner shall inflate the base year payment rate for federally qualified health centers and rural health clinics to the effective date by using the Bureau of Economic Analysis' personal consumption expenditures medical care inflator;

(5) the commissioner shall establish a statewide trend inflator using 2015-2020 costs replacing the use of the personal consumption expenditures medical care inflator with the 2023 rate calculation forward;

(6) federally qualified health center and rural health clinic payment rates shall be rebased by the commissioner every two years using the methodology described in paragraph (k), clause (3), using the provider's Medicare cost reports from the previous third and fourth years. In nonrebasing years, the commissioner shall adjust using the Medicare economic index until 2023 when the statewide trend inflator is available;

(7) the commissioner shall increase payments by two percent according to Laws of Minnesota 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6. This is an add-on to the rate and must not be included in the base rate calculation;

(8) for federally qualified health centers and rural health clinics seeking a change of scope of services:

(i) the commissioner shall require federally qualified health centers and rural health clinics to submit requests to the commissioner, if the change of scope would result in the medical or dental payment rate currently received by the federally qualified health center or rural health clinic increasing or decreasing by at least 2-1/2 percent;

(ii) federally qualified health centers and rural health clinics shall submit the request to the commissioner within seven business days of submission of the scope change to the federal Health Resources Services Administration;

(iii) the effective date of the payment change is the date the Health Resources Services Administration approves the federally qualified health center's or rural health clinic's change of scope request;

(iv) for change of scope requests that do not require Health Resources Services Administration approval, federally qualified health centers and rural health clinics shall submit the request to the commissioner before implementing the change, and the effective date of the change is the date the commissioner receives the request from the federally qualified health center or rural health clinic; and

(v) the commissioner shall provide a response to the federally qualified health center's or rural health clinic's change of scope request within 45 days of submission and provide a

final decision regarding approval or disapproval within 120 days of submission. If more information is needed to evaluate the request, this timeline may be waived by mutual agreement of the commissioner and the federally qualified health center or rural health clinic; and

(9) the commissioner shall establish a payment rate for new federally qualified health center and rural health clinic organizations, considering the following factors:

(i) a comparison of patient caseload of federally qualified health centers and rural health clinics within a 60-mile radius for organizations established outside of the seven-county metropolitan area and within a 30-mile radius for organizations within the seven-county metropolitan area; and

(ii) if a comparison is not feasible under item (i), the commissioner may use Medicare cost reports or audited financial statements to establish the base rate."

Page 34, delete line 18 and insert "chronic conditions or limited English skills, or who are homeless or experience health disparities or other barriers"

Page 69, after line 3, insert:

"Sec. .... **ENCOUNTER REPORTING OF 340B ELIGIBLE DRUGS.**

(a) The commissioner of human services, in consultation with federally qualified health centers, managed care organizations, and contract pharmacies shall develop a report on the feasibility of a process to identify and report at point of sale the 340B drugs that are dispensed to enrollees of managed care organizations who are patients of a federally qualified health center to exclude these claims from the Medicaid drug rebate program and ensure that duplicate discounts for drugs do not occur.

(b) By January 1, 2018, the commissioner shall present the report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over medical assistance."

Page 159, line 30, delete "....." and insert "$4,200"

Page 186, after line 13, insert:

"Sec. .... Minnesota Statutes 2016, section 119B.011, is amended by adding a subdivision to read:

Subd. 15b. **Law enforcement authority.** "Law enforcement authority" means a government agency or department within or outside Minnesota with jurisdiction to investigate or bring a civil or criminal action against a child care provider, including a county, city, or

district attorney's office, the Attorney General's Office, a human services agency, a United States attorney's office, or a law enforcement agency.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. .... Minnesota Statutes 2016, section 119B.011, is amended by adding a subdivision to read:

Subd. 19c. **Stop payment.** "Stop payment" means canceling a payment that was already issued to a provider.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. .... Minnesota Statutes 2016, section 119B.02, subdivision 5, is amended to read:

Subd. 5. **Program integrity.** For child care assistance programs under this chapter, the commissioner shall enforce the requirements for program integrity and fraud prevention investigations under sections 256.046, 256.98, and 256.983 and chapter 245E.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. .... Minnesota Statutes 2016, section 119B.03, subdivision 4, is amended to read:

Subd. 4. **Funding priority.** (a) First priority for child care assistance under the basic sliding fee program must be given to eligible non-MFIP families who do not have a high school or general equivalency diploma or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. This includes student parents as defined under section 119B.011, subdivision 19b. Within this priority, the following subpriorities must be used:

(1) child care needs of minor parents;

(2) child care needs of parents under 21 years of age; and

(3) child care needs of other parents within the priority group described in this paragraph.

(b) Second priority must be given to ~~parents who have completed their MFIP or DWP transition year, or parents who are no longer receiving or eligible for diversionary work program supports.~~

~~(c) Third priority must be given to~~ families who are eligible for portable basic sliding fee assistance through the portability pool under subdivision 9.

~~(d) Fourth~~ (c) Third priority must be given to families in which at least one parent is a veteran as defined under section 197.447.

(d) Fourth priority must be given to eligible families who do not meet the specifications of paragraph (a), (b), (c), or (e).

(e) Fifth priority must be given to eligible families receiving services under section 119B.011, subdivision 20a, if the parents have completed their MFIP or DWP transition year, or the parents are no longer receiving or eligible for DWP supports.

~~(c)~~ (f) Families under paragraph ~~(b)~~ (e) must be added to the basic sliding fee waiting list on the date they begin the transition year under section 119B.011, subdivision 20~~, and must be moved into the basic sliding fee program as soon as possible after they complete their transition year~~.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. .... Minnesota Statutes 2016, section 119B.03, subdivision 6, is amended to read:

Subd. 6. **Allocation formula.** The allocation component of basic sliding fee state and federal funds shall be allocated on a calendar year basis. Funds shall be allocated first in amounts equal to each county's guaranteed floor according to subdivision 8, with any remaining available funds allocated according to the following formula:

(a) One-fourth of the funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the most recent fiscal year completed at the time of the notice of allocation.

(b) Up to one-fourth of the funds shall be allocated in proportion to the number of families participating in the transition year child care program as reported during and averaged over the most recent six months completed at the time of the notice of allocation. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph ~~(f)~~ (e).

~~(c) Up to one-fourth of the funds shall be allocated in proportion to the average of each county's most recent six months of reported first, second, and third priority waiting list as defined in subdivision 2 and the reinstatement list of those families whose assistance was terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph (f).~~

~~(d)~~ (c) Up to ~~one-fourth~~ one-half of the funds shall be allocated in proportion to the average of each county's most recent ~~six~~ 12 months of reported waiting list as defined in subdivision 2 and the reinstatement list of those families whose assistance was terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph ~~(f)~~ (e).

~~(e)~~ (d) The amount necessary to serve all families in paragraphs (b)~~, (c),~~ and ~~(d)~~ (c) shall be calculated based on the basic sliding fee average cost of care per family in the county with the highest cost in the most recently completed calendar year.

~~(f)~~ (e) Funds in excess of the amount necessary to serve all families in paragraphs (b)~~, (c),~~ and ~~(d)~~ (c) shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the most recent fiscal year completed at the time of the notice of allocation.

(f) For calendar year 2018, the initial allocation shall be the average of the final allocation for calendar year 2017 and the amount that would otherwise be the initial allocation using the revised formula for calendar year 2018, adjusted proportionately up or down to match the funds available.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.09, subdivision 9a, is amended to read:

Subd. 9a. **Child care centers; assistance.** (a) ~~For the purposes of this subdivision, "qualifying child" means a child who is not a child or dependent of an employee of the child care provider.~~ A child care center may receive authorizations for 25 or fewer children who are dependents of the center's employees. If a child care center is authorized for more than 25 children who are dependents of center employees, the county cannot authorize additional dependents of an employee until the number of children falls below 25.

~~(b) Funds distributed under this chapter must not be paid for child care services that are provided for a child or dependent of an employee under paragraph (a) unless at all times at least 50 percent of the children for whom the child care provider is providing care are qualifying children under paragraph (a).~~

~~(c) If a child care provider satisfies the requirements for payment under paragraph (b), but the percentage of qualifying children under paragraph (a) for whom the provider is providing care falls below 50 percent, the provider shall have four weeks to raise the percentage of qualifying children for whom the provider is providing care to at least 50~~

~~percent before payments to the provider are discontinued for child care services provided for a child who is not a qualifying child.~~

~~(d) This subdivision shall be implemented as follows:~~

~~(1) no later than August 1, 2014, the commissioner shall issue a notice to providers who have been identified as ineligible for funds distributed under this chapter as described in paragraph (b); and~~

~~(2) no later than January 5, 2015, payments to providers who do not comply with paragraph (c) will be discontinued for child care services provided for children who are not qualifying children.~~

~~(e) If a child's authorization for child care assistance is terminated under this subdivision, the county shall send a notice of adverse action to the provider and to the child's parent or guardian, including information on the right to appeal, under Minnesota Rules, part 3400.0185.~~

~~(f)~~ (b) Funds paid to providers during the period of time ~~between the issuance of a notice under paragraph (d), clause (1), and discontinuation of payments under paragraph (d), clause (2),~~ when a center is authorized for more than 25 children who are dependents of center employees must not be treated as overpayments under section 119B.11, subdivision 2a, due to noncompliance with this subdivision.

~~(g)~~ (c) Nothing in this subdivision precludes the commissioner from conducting fraud investigations relating to child care assistance, imposing sanctions, and obtaining monetary recovery as otherwise provided by law.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... **[119B.097] AUTHORIZATION WITH A SECONDARY PROVIDER.**

(a) If a child uses any combination of the following providers paid by child care assistance, a parent must choose one primary provider and one secondary provider per child that can be paid by child care assistance:

(1) an individual or child care center licensed under chapter 245A;

(2) an individual or child care center or facility holding a valid child care license issued by another state or tribe; or

(3) a child care center exempt from licensing under section 245A.03.

(b) The amount of child care authorized with the secondary provider cannot exceed 20 hours per two-week service period, per child, and the amount of care paid to a child's secondary provider is limited under section 119B.13, subdivision 1. The total amount of child care authorized with both the primary and secondary provider cannot exceed the amount of child care allowed based on the parents' eligible activity schedule, the child's school schedule, and any other factors relevant to the family's child care needs.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.125, subdivision 4, is amended to read:

Subd. 4. **Unsafe care.** A county may deny authorization as a child care provider to any applicant or ~~rescind~~ revoke the authorization of any provider when the county knows or has reason to believe that the provider is unsafe or that the circumstances of the chosen child care arrangement are unsafe. The county must include the conditions under which a provider or care arrangement will be determined to be unsafe in the county's child care fund plan under section 119B.08, subdivision 3.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.125, subdivision 6, is amended to read:

Subd. 6. **Record-keeping requirement.** (a) As a condition of payment, all providers receiving child care assistance payments must keep accurate and legible daily attendance records at the site where services are delivered for children receiving child care assistance and must make those records available immediately to the county or the commissioner upon request. The attendance records must be completed daily and include the date, the first and last name of each child in attendance, and the times when each child is dropped off and picked up. To the extent possible, the times that the child was dropped off to and picked up from the child care provider must be entered by the person dropping off or picking up the child. The daily attendance records must be retained at the site where services are delivered for six years after the date of service.

(b) A county or the commissioner may deny or revoke a provider's authorization ~~as a child care provider to any applicant, rescind authorization of any provider,~~ to receive child care assistance payments under section 119B.13, subdivision 6, paragraph (d), pursue a fraud disqualification under section 256.98, take an action against the provider under chapter 245E, or establish an attendance record overpayment ~~claim in the system~~ under paragraph (c) against a current or former provider, when the county or the commissioner knows or has reason to believe that the provider has not complied with the record-keeping requirement

in this subdivision. ~~A provider's failure to produce attendance records as requested on more than one occasion constitutes grounds for disqualification as a provider.~~

(c) To calculate an attendance record overpayment under this subdivision, the commissioner or county agency subtracts the maximum daily rate from the total amount paid to a provider for each day that a child's attendance record is missing, unavailable, incomplete, illegible, inaccurate, or otherwise inadequate.

(d) The commissioner shall develop criteria to direct a county when the county must establish an attendance overpayment under this subdivision.

EFFECTIVE DATE. This section is effective April 23, 2018."

Page 186, line 30, after the period insert "(d) If a child uses one provider,"

Page 187, lines 1 and 2, strike "to a provider"

Page 187, after line 2, insert:

"(e) If a child uses two providers under section 119B.097, the maximum payment must not exceed:

(1) the daily rate for one day of care;

(2) the weekly rate for one week of care by the child's primary provider; and

(3) two daily rates during two weeks of care by a child's secondary provider."

Page 187, line 3, strike "(d)" and insert "(f)"

Page 187, line 6, strike "(e) When" and insert "(g) If"

Page 187, line 9, strike "(f)" and insert "(h)"

Page 187, line 11, strike "(g)" and insert "(i)"

Page 187, line 13 delete "This section" and insert "Paragraph (a)" and after the period insert "Paragraphs (d) to (i) are effective April 23, 2018."

Page 187, after line 13, insert:

"Sec. .... Minnesota Statutes 2016, section 119B.13, subdivision 6, is amended to read:

Subd. 6. **Provider payments.** (a) A provider must bill only for services documented according to section 119B.125, subdivision 6. The provider shall bill for services provided within ten days of the end of the service period. ~~If bills are submitted within ten days of the end of the service period,~~ Payments under the child care fund shall be made within ~~30~~ 21 days of receiving a complete bill from the provider. Counties or the state may establish policies that make payments on a more frequent basis.

(b) If a provider has received an authorization of care and been issued a billing form for an eligible family, the bill must be submitted within 60 days of the last date of service on the bill. A bill submitted more than 60 days after the last date of service must be paid if the county determines that the provider has shown good cause why the bill was not submitted within 60 days. Good cause must be defined in the county's child care fund plan under section 119B.08, subdivision 3, and the definition of good cause must include county error. Any bill submitted more than a year after the last date of service on the bill must not be paid.

(c) If a provider provided care for a time period without receiving an authorization of care and a billing form for an eligible family, payment of child care assistance may only be made retroactively for a maximum of six months from the date the provider is issued an authorization of care and billing form.

(d) A county or the commissioner may refuse to issue a child care authorization to a licensed or legal nonlicensed provider, revoke an existing child care authorization to a licensed or legal nonlicensed provider, stop payment issued to a licensed or legal nonlicensed provider, or refuse to pay a bill submitted by a licensed or legal nonlicensed provider if:

(1) the provider admits to intentionally giving the county materially false information on the provider's billing forms;

(2) a county or the commissioner finds by a preponderance of the evidence that the provider intentionally gave the county materially false information on the provider's billing forms, or provided false attendance records to a county or the commissioner;

(3) the provider is in violation of child care assistance program rules, until the agency determines those violations have been corrected;

(4) the provider is operating after:

(i) an order of suspension of the provider's license issued by the commissioner; or

(ii) an order of revocation of the provider's license; ~~or~~

~~(iii) a final order of conditional license issued by the commissioner for as long as the conditional license is in effect;~~

(5) the provider submits ~~false~~ an inaccurate attendance ~~reports or refuses to provide documentation of the child's attendance upon request; or~~ record;

(6) the provider gives false child care price information~~.~~; or

(7) the provider fails to grant access to a county or the commissioner during regular business hours to examine all records necessary to determine the extent of services provided to a child care assistance recipient and the appropriateness of a claim for payment.

(e) If a county or the commissioner finds that a provider violated paragraph (d), clause (1) or (2), a county or the commissioner must deny or revoke the provider's authorization and either pursue a fraud disqualification under section 256.98, subdivision 8, paragraph (c) or refer the case to a law enforcement authority. A provider's rights related to an authorization denial or revocation under this paragraph are established in section 119B.161. If a provider's authorization is revoked or denied under this paragraph, the denial or revocation lasts until either:

(1) all criminal, civil, and administrative proceedings related to the provider's alleged misconduct conclude and any appeal rights are exhausted; or

(2) the commissioner decides, based on written evidence or argument submitted under section 119B.161, to authorize the provider.

(f) If a county or the commissioner denies or revokes a provider's authorization under paragraph (d), clause (4), the provider shall not be authorized until the order of suspension or order of revocation against the provider is lifted.

~~(e) For purposes of~~ (g) If a county or the commissioner finds that a provider violated paragraph (d), clauses (3), (5), ~~and~~ or (6), the county or the commissioner may ~~withhold~~ revoke or deny the provider's authorization ~~or payment for a period of time not to exceed three months beyond the time the condition has been corrected~~. If a provider's authorization is revoked or denied under this paragraph, the denial or revocation may last up to 90 days from the date a county or the commissioner denies or revokes the provider's authorization.

(h) If a county or the commissioner determines a provider violated paragraph (d), clause (7), a county or the commissioner must deny or revoke the provider's authorization until a county or the commissioner determines whether the records sought comply with this chapter and chapter 245E. The provider's rights related to an authorization denial or revocation under this paragraph are established in section 119B.161.

~~(f)~~ (i) A county's payment policies must be included in the county's child care plan under section 119B.08, subdivision 3. If payments are made by the state, in addition to being in compliance with this subdivision, the payments must be made in compliance with section 16A.124.

EFFECTIVE DATE. Paragraph (a) is effective September 25, 2017. Paragraphs (d) to (i) are effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.16, subdivision 1, is amended to read:

Subdivision 1. **Fair hearing allowed for applicants and recipients.** (a) An applicant or recipient adversely affected by an action of a county agency ~~action~~ or the commissioner may request and receive a fair hearing in accordance with this subdivision and section 256.045.

(b) A county agency must offer an informal conference to an applicant or recipient who is entitled to a fair hearing under this section. A county agency shall advise an adversely affected applicant or recipient that a request for a conference is optional and does not delay or replace the right to a fair hearing.

(c) An applicant or recipient does not have a right to a fair hearing if a county agency or the commissioner takes action against a provider.

(d) If a provider's authorization is suspended, denied, or revoked, a county agency or the commissioner must mail notice to a child care assistance program recipient receiving care from the provider.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.16, subdivision 1a, is amended to read:

Subd. 1a. **Fair hearing allowed for providers.** (a) This subdivision applies to providers caring for children receiving child care assistance.

~~(b) A provider to whom a county agency has assigned responsibility for an overpayment may request a fair hearing in accordance with section 256.045 for the limited purpose of challenging the assignment of responsibility for the overpayment and the amount of the overpayment. The scope of the fair hearing does not include the issues of whether the provider wrongfully obtained public assistance in violation of section 256.98 or was properly disqualified under section 256.98, subdivision 8, paragraph (c), unless the fair hearing has been combined with an administrative disqualification hearing brought against the provider under section 256.046.~~

(b) A provider may request a fair hearing only as specified in this subdivision.

(c) A provider may request a fair hearing according to sections 256.045 and 256.046 if a county agency or the commissioner:

(1) denies or revokes a provider's authorization, unless the action entitles the provider to a consolidated contested case hearing under section 119B.16, subdivision 3, or an administrative review under section 119B.161;

(2) assigns responsibility for an overpayment to a provider under section 119B.11, subdivision 2a;

(3) establishes an overpayment for failure to comply with section 119B.125, subdivision 6;

(4) seeks monetary recovery or recoupment under section 245E.02, subdivision 4, paragraph (c), item (2);

(5) initiates an administrative fraud disqualification hearing; or

(6) issues a payment and the provider disagrees with the amount of the payment.

(d) A provider may request a fair hearing by submitting a written request to the Department of Human Services, Appeals Division. A provider's request must be received by the appeals division no later than 30 days after the date a county or the commissioner mails the notice. The provider's appeal request must contain the following:

(1) each disputed item, the reason for the dispute, and, if appropriate, an estimate of the dollar amount involved for each disputed item;

(2) the computation the provider believes to be correct, if appropriate;

(3) the statute or rule relied on for each disputed item; and

(4) the name, address, and telephone number of the person at the provider's place of business with whom contact may be made regarding the appeal.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.16, subdivision 1b, is amended to read:

Subd. 1b. **Joint fair hearings.** ~~When a provider requests a fair hearing under subdivision 1a, the family in whose case the overpayment was created must be made a party to the fair hearing. All other issues raised by the family must be resolved in the same proceeding. When a family requests a fair hearing and claims that the county should have assigned responsibility for an overpayment to a provider, the provider must be made a party to the fair hearing.~~ The human services judge assigned to a fair hearing may join a family or a provider as a party to the fair hearing whenever joinder of that party is necessary to fully and fairly resolve ~~overpayment~~ issues raised in the appeal.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.16, is amended by adding a subdivision to read:

Subd. 1c. **Notice to providers.** (a) Before taking an action appealable under subdivision 1a, paragraph (c), a county agency or the commissioner must mail written notice to the provider against whom the action is being taken.

(b) The notice shall state:

(1) the factual basis for the department's determination;

(2) the action the department intends to take;

(3) the dollar amount of the monetary recovery or recoupment, if known; and

(4) the right to appeal the department's proposed action.

(c) A county agency or the commissioner must mail the written notice at least 15 calendar days before the adverse action's effective date.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.16, is amended by adding a subdivision to read:

Subd. 3. **Consolidated contested case hearing.** If a county agency or the commissioner denies or revokes a provider's authorization based on a licensing action, the provider may only appeal the denial or revocation in the same contested case proceeding that the provider appeals the licensing action.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 119B.16, is amended by adding a subdivision to read:

Subd. 4. **Final department action.** Unless the commissioner receives a timely and proper request for an appeal, a county agency's or the commissioner's action shall be considered a final department action.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... **[119B.161] ADMINISTRATIVE REVIEW.**

Subdivision 1. **Temporary denial or revocation of authorization.** (a) A provider has the rights listed under this section if:

(1) the provider's authorization was denied or revoked under section 119B.13, subdivision 6, paragraph (d), clause (1), (2), or (7);

(2) the provider's authorization was temporarily suspended under paragraph (b); or

(3) a payment was suspended under chapter 245E.

(b) Unless the commissioner receives a timely and proper request for an appeal, a county's or the commissioner's action is a final department action.

(c) The commissioner may temporarily suspend a provider's authorization without prior notice and opportunity for hearing if the commissioner determines either that there is a credible allegation of fraud for which an investigation is pending under the child care assistance program, or that the suspension is necessary for public safety and the best interests of the child care assistance program. An allegation is considered credible if the allegation has indications of reliability. The commissioner may determine that an allegation is credible, if the commissioner reviewed all allegations, facts, and evidence carefully and acts judiciously on a case-by-case basis.

Subd. 2. **Notice.** (a) A county or the commissioner must mail a provider notice within five days of suspending, revoking, or denying a provider's authorization under subdivision 1.

(b) The notice must:

(1) state the provision under which a county or the commissioner is denying, revoking, or suspending a provider's authorization or suspending payment to the provider;

(2) set forth the general allegations leading to the revocation, denial, or suspension of a provider's authorization. The notice need not disclose any specific information concerning an ongoing investigation;

(3) state that the suspension, revocation, or denial of a provider's authorization is for a temporary period and explain the circumstances under which the action expires; and

(4) inform the provider of the right to submit written evidence and argument for consideration by the commissioner.

(c) Notwithstanding Minnesota Rules, part 3400.0185, if a county or the commissioner denies or revokes a provider's authorization under section 119B.13, subdivision 6, paragraph

(d), clause (1), (2), or (7); suspends a payment to a provider under chapter 245E; or temporarily suspends a payment to a provider under section 119B.161, subdivision 1, a county or the commissioner must send notice of termination to an affected family. The termination sent to an affected family is effective on the date the notice is created.

Subd. 3. **Duration.** If a provider's authorization is denied or revoked under section 119B.13, subdivision 6, paragraph (d), clause (1), (2), or (7); authorization is temporarily suspended under section 119B.161; or payment is suspended under chapter 245E, the provider's denial, revocation, temporary suspension, or payment suspension remains in effect until:

(1) the commissioner or a law enforcement authority determines that there is insufficient evidence warranting the action and a county or the commissioner does not pursue an additional administrative remedy under chapter 245E or section 256.98; or

(2) all criminal, civil, and administrative proceedings related to the provider's alleged misconduct conclude and any appeal rights are exhausted.

Subd. 4. **Good cause exception.** A county or the commissioner may find that good cause exists not to deny, revoke, or suspend a provider's authorization, or not to continue a denial, revocation, or suspension of a provider's authorization if any of the following are applicable:

(1) a law enforcement authority specifically requested that a provider's authorization not be denied, revoked, or suspended because it may compromise an ongoing investigation;

(2) a county or the commissioner determines that the denial, revocation, or suspension should be removed based on the provider's written submission; or

(3) the commissioner determines that the denial, revocation, or suspension is not in the best interests of the program.

EFFECTIVE DATE. This section is effective April 23, 2018."

Page 193, after line 15, insert:

"Sec. .... Minnesota Statutes 2016, section 245E.01, is amended by adding a subdivision to read:

Subd. 6a. **Credible allegation of fraud.** "Credible allegation of fraud" has the meaning given in section 256B.064, subdivision 2, paragraph (b), clause (2).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. .... Minnesota Statutes 2016, section 245E.02, subdivision 1, is amended to read:

Subdivision 1. **Investigating provider or recipient financial misconduct.** The department shall investigate alleged or suspected financial misconduct by providers and errors related to payments issued by the child care assistance program under this chapter. Recipients, employees, agents and consultants, and staff may be investigated when the evidence shows that their conduct is related to the financial misconduct of a provider, license holder, or controlling individual. When the alleged or suspected financial misconduct relates to acting as a recruiter offering conditional employment on behalf of a provider that has received funds from the child care assistance program, the department may investigate the provider, center owner, director, manager, license holder, or other controlling individual or agent, who is alleged to have acted as a recruiter offering conditional employment.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.02, subdivision 3, is amended to read:

Subd. 3. **Determination of investigation.** After completing its investigation, the department shall ~~issue one of the following determinations~~ determine that:

(1) no violation of child care assistance requirements occurred;

(2) there is insufficient evidence to show that a violation of child care assistance requirements occurred;

(3) a preponderance of evidence shows a violation of child care assistance program law, rule, or policy; or

(4) there exists a credible allegation of fraud involving the child care assistance program.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.02, subdivision 4, is amended to read:

Subd. 4. ~~**Actions**~~ **Referrals or administrative ~~sanctions~~ actions.** (a) After completing the determination under subdivision 3, the department may take one or more of the actions or sanctions specified in this subdivision.

(b) The department may take any of the following actions:

(1) refer the investigation to law enforcement or a county attorney for possible criminal prosecution;

(2) refer relevant information to the department's licensing division, the background studies division, the child care assistance program, the Department of Education, the federal child and adult care food program, or appropriate child or adult protection agency;

(3) enter into a settlement agreement with a provider, license holder, owner, agent, controlling individual, or recipient; or

(4) refer the matter for review by a prosecutorial agency with appropriate jurisdiction for possible civil action under the Minnesota False Claims Act, chapter 15C.

(c) In addition to section 256.98, the department may impose sanctions by:

(1) pursuing administrative disqualification through hearings or waivers;

(2) establishing and seeking monetary recovery or recoupment;

(3) issuing an order of corrective action that states the practices that are violations of child care assistance program policies, laws, or regulations, and that they must be corrected; ~~or~~

(4) suspending~~, denying, or terminating~~ payments to a provider~~.~~; or

(5) taking an action under section 119B.13, subdivision 6, paragraph (d).

(d) ~~Upon a finding by~~ If the commissioner determines that any child care provider, center owner, director, manager, license holder, or other controlling individual of a child care center has employed, used, or acted as a recruiter offering conditional employment for a child care center that has received child care assistance program funding, the commissioner shall:

(1) immediately suspend all program payments to all child care centers in which the person employing, using, or acting as a recruiter offering conditional employment is an owner, director, manager, license holder, or other controlling individual. The commissioner shall suspend program payments under this clause even if services have already been provided; and

(2) immediately and permanently revoke the licenses of all child care centers of which the person employing, using, or acting as a recruiter offering conditional employment is an owner, director, manager, license holder, or other controlling individual.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.03, subdivision 2, is amended to read:

Subd. 2. **Failure to provide access.** ~~Failure to provide access may result in denial or termination of authorizations for or payments to a recipient, provider, license holder, or controlling individual in the child care assistance program.~~ If a provider fails to grant the department immediate access to records, the department may immediately suspend payments under section 119B.161, or the department may deny or revoke the provider's authorization. A provider, license holder, controlling individual, employee, or staff member must grant the department access during any hours that the program is open to examine the provider's program or the records listed in section 245E.05. A provider shall make records immediately available at the provider's place of business at the time the department requests access, unless the provider and the department both agree otherwise.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.03, subdivision 4, is amended to read:

Subd. 4. **Continued or repeated failure to provide access.** If the provider continues to fail to provide access at the expiration of the 15-day notice period, child care assistance program payments to the provider must be ~~denied~~ suspended beginning the 16th day following notice of the initial failure or refusal to provide access. ~~The department may rescind the denial based upon good cause if the provider submits in writing a good cause basis for having failed or refused to provide access. The writing must be postmarked no later than the 15th day following the provider's notice of initial failure to provide access.~~ A provider's, license holder's, controlling individual's, employee's, staff member's, or recipient's duty to provide access in this section continues after the provider's authorization is denied, revoked, or suspended. Additionally, the provider, license holder, or controlling individual must immediately provide complete, ongoing access to the department. Repeated failures to provide access must, after the initial failure or for any subsequent failure, result in termination from participation in the child care assistance program.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.04, is amended to read:

245E.04 HONEST AND TRUTHFUL STATEMENTS.

It shall be unlawful for a provider, license holder, controlling individual, or recipient to:

(1) falsify, conceal, or cover up by any ~~trick, scheme, or device a material fact~~ means;

(2) make any materially false, fictitious, or fraudulent statement or representation; or

(3) make or use any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry related to any child care assistance program services that the provider, license holder, or controlling individual supplies or in relation to any child care assistance payments received by a provider, license holder, or controlling individual or to any fraud investigator or law enforcement officer conducting a financial misconduct investigation.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.05, subdivision 1, is amended to read:

Subdivision 1. **Records required to be retained.** The following records must be maintained, controlled, and made immediately accessible to license holders, providers, and controlling individuals. The records must be organized and labeled to correspond to categories that make them easy to identify so that they can be made available immediately upon request to an investigator acting on behalf of the commissioner at the provider's place of business:

(1) payroll ledgers, canceled checks, bank deposit slips, and any other accounting records;

(2) daily attendance records required by and that comply with section 119B.125, subdivision 6;

(3) billing transmittal forms requesting payments from the child care assistance program and billing adjustments related to child care assistance program payments;

(4) records identifying all persons, corporations, partnerships, and entities with an ownership or controlling interest in the provider's child care business;

(5) employee or contractor records identifying those persons currently employed by the provider's child care business or who have been employed by the business at any time within the previous five years. The records must include each employee's name, hourly and annual salary, qualifications, position description, job title, and dates of employment. In addition, employee records that must be made available include the employee's time sheets, current home address of the employee or last known address of any former employee, and documentation of background studies required under chapter 119B or 245C;

(6) records related to transportation of children in care, including but not limited to:

(i) the dates and times that transportation is provided to children for transportation to and from the provider's business location for any purpose. For transportation related to field trips or locations away from the provider's business location, the names and addresses of those field trips and locations must also be provided;

(ii) the name, business address, phone number, and Web site address, if any, of the transportation service utilized; and

(iii) all billing or transportation records related to the transportation.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.06, subdivision 1, is amended to read:

Subdivision 1. **Factors regarding imposition of administrative ~~sanctions~~ actions.** (a) The department shall consider the following factors in determining the administrative ~~sanctions~~ actions to be imposed:

(1) nature and extent of financial misconduct;

(2) history of financial misconduct;

(3) actions taken or recommended by other state agencies, other divisions of the department, and court and administrative decisions;

(4) prior ~~imposition of sanctions~~ actions;

(5) size and type of provider;

(6) information obtained through an investigation from any source;

(7) convictions or pending criminal charges; and

(8) any other information relevant to the acts or omissions related to the financial misconduct.

(b) Any single factor under paragraph (a) may be determinative of the department's decision of whether and what ~~sanctions are imposed~~ actions to take.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.06, subdivision 2, is amended to read:

Subd. 2. **Written notice of department ~~sanction~~ action; ~~sanction~~ action effective date; ~~informal meeting~~.** ~~(a) The department shall give notice in writing to a person of an administrative sanction that is to be imposed. The notice shall be sent by mail as defined in section 245E.01, subdivision 11.~~

~~(b) The notice shall state:~~

~~(1) the factual basis for the department's determination;~~

~~(2) the sanction the department intends to take;~~

~~(3) the dollar amount of the monetary recovery or recoupment, if any;~~

~~(4) how the dollar amount was computed;~~

~~(5) the right to dispute the department's determination and to provide evidence;~~

~~(6) the right to appeal the department's proposed sanction; and~~

~~(7) the option to meet informally with department staff, and to bring additional documentation or information, to resolve the issues.~~

~~(c) In cases of determinations resulting in denial or termination of payments, in addition to the requirements of paragraph (b), the notice must state:~~

~~(1) the length of the denial or termination;~~

~~(2) the requirements and procedures for reinstatement; and~~

~~(3) the provider's right to submit documents and written arguments against the denial or termination of payments for review by the department before the effective date of denial or termination.~~

~~(d) The submission of documents and written argument for review by the department under paragraph (b), clause (5) or (7), or paragraph (c), clause (3), does not stay the deadline for filing an appeal.~~

(a) When taking an action against a provider, the department must give notice to:

(1) the provider as specified in section 119B.16 or 119B.161; and

(2) a family as specified under Minnesota Rules, part 3400.0185, or section 119B.161.

~~(c)~~ (b) Notwithstanding section 245E.03, subdivision 4, and except for a payment suspension or action under section 119B.161, subdivision 1, the effective date of the proposed ~~sanction~~ action under this chapter shall be 30 days after the license holder's, provider's, controlling individual's, or recipient's receipt of the notice, unless timely appealed. If a timely appeal is made, the proposed ~~sanction~~ action shall be delayed pending the final outcome of the appeal. Implementation of a proposed ~~sanction~~ action following the resolution of a timely appeal may be postponed if, in the opinion of the department, the delay of ~~sanction~~ action is necessary to protect the health or safety of children in care. ~~The department may consider the economic hardship of a person in implementing the proposed sanction, but economic hardship shall not be a determinative factor in implementing the proposed sanction.~~

~~(f) Requests for an informal meeting to attempt to resolve issues and requests for appeals must be sent or delivered to the department's Office of Inspector General, Financial Fraud and Abuse Division.~~

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.06, subdivision 3, is amended to read:

Subd. 3. **Appeal of department ~~sanction~~ action.** ~~(a) If the department does not pursue a criminal action against a provider, license holder, controlling individual, or recipient for financial misconduct, but the department imposes an administrative sanction under section 245E.02, subdivision 4, paragraph (c), any individual or entity against whom the sanction was imposed may appeal the department's administrative sanction under this section pursuant to section 119B.16 or 256.045 with the additional requirements in clauses (1) to (4). An appeal must specify:~~

~~(1) each disputed item, the reason for the dispute, and an estimate of the dollar amount involved for each disputed item, if appropriate;~~

~~(2) the computation that is believed to be correct, if appropriate;~~

~~(3) the authority in the statute or rule relied upon for each disputed item; and~~

~~(4) the name, address, and phone number of the person at the provider's place of business with whom contact may be made regarding the appeal.~~

~~(b) Notwithstanding section 245E.03, subdivision 4, an appeal is considered timely only if postmarked or received by the department's Appeals Division within 30 days after receiving a notice of department sanction.~~

~~(c) Before the appeal hearing, the department may deny or terminate authorizations or payment to the entity or individual if the department determines that the action is necessary to protect the public welfare or the interests of the child care assistance program.~~

A provider's rights related to an action taken under this chapter are established in sections 119B.16 and 119B.161.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 245E.07, subdivision 1, is amended to read:

Subdivision 1. **Grounds for and methods of monetary recovery.** (a) The department may obtain monetary recovery from a provider who has been improperly paid by the child care assistance program, regardless of whether the error was on the part of the provider, the

department, or the county and regardless of whether the error was intentional ~~or county error~~. The department does not need to establish a pattern ~~as a precondition of monetary recovery~~ of erroneous or false billing claims, duplicate billing claims, or billing claims based on false statements or financial misconduct.

(b) The department shall obtain monetary recovery from providers by the following means:

(1) permitting voluntary repayment of money, either in lump-sum payment or installment payments;

(2) using any legal collection process;

(3) deducting or withholding program payments; or

(4) utilizing the means set forth in chapter 16D.

EFFECTIVE DATE. This section is effective April 23, 2018.

Sec. .... Minnesota Statutes 2016, section 256.98, subdivision 8, is amended to read:

Subd. 8. **Disqualification from program.** (a) Any person found to be guilty of wrongfully obtaining assistance by a federal or state court or by an administrative hearing determination, or waiver thereof, through a disqualification consent agreement, or as part of any approved diversion plan under section 401.065, or any court-ordered stay which carries with it any probationary or other conditions, in the Minnesota family investment program and any affiliated program to include the diversionary work program and the work participation cash benefit program, the food stamp or food support program, the general assistance program, the group residential housing program, or the Minnesota supplemental aid program shall be disqualified from that program. In addition, any person disqualified from the Minnesota family investment program shall also be disqualified from the food stamp or food support program. The needs of that individual shall not be taken into consideration in determining the grant level for that assistance unit:

(1) for one year after the first offense;

(2) for two years after the second offense; and

(3) permanently after the third or subsequent offense.

The period of program disqualification shall begin on the date stipulated on the advance notice of disqualification without possibility of postponement for administrative stay or administrative hearing and shall continue through completion unless and until the findings upon which the sanctions were imposed are reversed by a court of competent jurisdiction.

The period for which sanctions are imposed is not subject to review. The sanctions provided under this subdivision are in addition to, and not in substitution for, any other sanctions that may be provided for by law for the offense involved. A disqualification established through hearing or waiver shall result in the disqualification period beginning immediately unless the person has become otherwise ineligible for assistance. If the person is ineligible for assistance, the disqualification period begins when the person again meets the eligibility criteria of the program from which they were disqualified and makes application for that program.

(b) A family receiving assistance through child care assistance programs under chapter 119B with a family member who is found to be guilty of wrongfully obtaining child care assistance by a federal court, state court, or an administrative hearing determination or waiver, through a disqualification consent agreement, as part of an approved diversion plan under section 401.065, or a court-ordered stay with probationary or other conditions, is disqualified from child care assistance programs. The disqualifications must be for periods of one year and two years for the first and second offenses, respectively. Subsequent violations must result in permanent disqualification. During the disqualification period, disqualification from any child care program must extend to all child care programs and must be immediately applied.

(c) A provider caring for children receiving assistance through child care assistance programs under chapter 119B is disqualified from receiving payment for child care services from the child care assistance program under chapter 119B when the provider is found to have wrongfully obtained child care assistance by a federal court, state court, or an administrative hearing determination or waiver under section 256.046, through a disqualification consent agreement, as part of an approved diversion plan under section 401.065, or a court-ordered stay with probationary or other conditions. The disqualification must be for a period of ~~one year~~ two years for the first offense ~~and two years for the second offense~~. Any subsequent violation must result in permanent disqualification. The disqualification period must be imposed immediately after a determination is made under this paragraph. During the disqualification period, the provider is disqualified from receiving payment from any child care program under chapter 119B.

(d) Any person found to be guilty of wrongfully obtaining MinnesotaCare for adults without children and upon federal approval, all categories of medical assistance and remaining categories of MinnesotaCare, except for children through age 18, by a federal or state court or by an administrative hearing determination, or waiver thereof, through a disqualification consent agreement, or as part of any approved diversion plan under section

401.065, or any court-ordered stay which carries with it any probationary or other conditions, is disqualified from that program. The period of disqualification is one year after the first offense, two years after the second offense, and permanently after the third or subsequent offense. The period of program disqualification shall begin on the date stipulated on the advance notice of disqualification without possibility of postponement for administrative stay or administrative hearing and shall continue through completion unless and until the findings upon which the sanctions were imposed are reversed by a court of competent jurisdiction. The period for which sanctions are imposed is not subject to review. The sanctions provided under this subdivision are in addition to, and not in substitution for, any other sanctions that may be provided for by law for the offense involved.

EFFECTIVE DATE. This section is effective April 23, 2018."

Page 196, after line 30, insert:

"Sec. .... Minnesota Statutes 2016, section 256I.05, is amended by adding a subdivision to read:

Subd. 1r. **Supplemental rate; Olmsted County.** Notwithstanding the provisions of subdivisions 1a and 1c, beginning July 1, 2017, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, not to exceed $750 per month, including any legislatively authorized inflationary adjustments, for a group residential housing provider located in Olmsted County that operates long-term residential facilities with a total of 104 beds that serve chemically dependent men and women and provide 24-hour-a-day supervision and other support services."

Page 198, after line 5, insert:

"Sec. .... Minnesota Statutes 2016, section 256J.45, subdivision 2, is amended to read:

Subd. 2. **General information.** The MFIP orientation must consist of a presentation that informs caregivers of:

(1) the necessity to obtain immediate employment;

(2) the work incentives under MFIP, including the availability of the federal earned income tax credit and the Minnesota working family tax credit;

(3) the requirement to comply with the employment plan and other requirements of the employment and training services component of MFIP, including a description of the range of work and training activities that are allowable under MFIP to meet the individual needs of participants;

(4) the consequences for failing to comply with the employment plan and other program requirements, and that the county agency may not impose a sanction when failure to comply is due to the unavailability of child care or other circumstances where the participant has good cause under subdivision 3;

(5) the rights, responsibilities, and obligations of participants;

(6) the types and locations of child care services available through the county agency;

(7) the availability and the benefits of the early childhood health and developmental screening under sections 121A.16 to 121A.19; 123B.02, subdivision 16; and 123B.10;

(8) the caregiver's eligibility for transition year child care assistance under section 119B.05;

(9) the availability of all health care programs, including transitional medical assistance;

(10) the caregiver's option to choose an employment and training provider and information about each provider, including but not limited to, services offered, program components, job placement rates, job placement wages, and job retention rates;

(11) the caregiver's option to request approval of an education and training plan according to section 256J.53;

(12) the work study programs available under the higher education system; ~~and~~

(13) information about the 60-month time limit exemptions under the family violence waiver and referral information about shelters and programs for victims of family violence; and

(14) information about the income exclusions under section 256P.06, subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. .... **[256N.261] SUPPORT FOR ADOPTIVE, FOSTER, AND KINSHIP FAMILIES.**

Subdivision 1. **Program established.** The commissioner of human services shall design and implement a coordinated program to reduce the need for placement changes or out-of-home placements of children and youth in foster care, adoptive placements, and permanent physical and legal custody kinship placements, and to improve the functioning and stability of these families. To the extent federal funds are available, the commissioner shall provide the following adoption and foster care-competent services and ensure that placements are trauma-informed and child and family-centered:

(1) a program providing information, referrals, a parent-to-parent support network, peer support for youth, family activities, respite care, crisis services, educational support, and mental health services for children and youth in adoption, foster care, and kinship placements and adoptive, foster, and kinship families from across Minnesota;

(2) training offered around Minnesota for adoptive and kinship families, and additional training for foster families, and the professionals who serve the families, on the effects of trauma, common disabilities of adopted children and children in foster care, and kinship placements, and challenges in adoption, foster care, and kinship placements; and

(3) periodic evaluation of these services to ensure program effectiveness in preserving and improving the success of adoptive, foster, and kinship placements.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Child and family-centered" means individualized services that respond to a child's or youth's strengths, interests, and current developmental stage, including social, cognitive, emotional, physical, cultural, racial, and spiritual needs, and offer support to the entire adoptive, foster, or kinship family.

(c) "Trauma-informed" means care that acknowledges the effect trauma has on children and the children's families; modifies services to respond to the effects of trauma; emphasizes skill and strength-building rather than symptom management; and focuses on the physical and psychological safety of the child and family.

Sec. .... Minnesota Statutes 2016, section 256P.06, subdivision 2, is amended to read:

Subd. 2. **Exempted individuals.** (a) The following members of an assistance unit under chapters 119B and 256J are exempt from having their earned income count towards the income of an assistance unit:

(1) children under six years old;

(2) caregivers under 20 years of age enrolled at least half-time in school; and

(3) minors enrolled in school full time.

(b) The following members of an assistance unit are exempt from having their earned and unearned income count toward the income of an assistance unit for 18 consecutive calendar months, beginning the month following the marriage date, for benefits under chapter 256J if the household income does not exceed 275 percent of the federal poverty guidelines:

(1) a new spouse to a caretaker in an existing assistance unit; and

(2) the spouse designated by a newly married couple, when both spouses were already members of an assistance unit under chapter 256J.

(c) If members of an assistance unit identified in paragraph (b) also receive assistance under section 119B.05, they are exempt from having their earned income count toward the income of the assistance unit if the household income prior to the exemption does not exceed 67 percent of the state median income for recipients under section 119B.05 for 39 consecutive biweekly periods beginning the second biweekly period after the marriage date.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. .... Minnesota Statutes 2016, section 626.556, subdivision 3c, is amended to read:

Subd. 3c. **Local welfare agency, Department of Human Services or Department of Health responsible for assessing or investigating reports of maltreatment.** (a) The county local welfare agency is the agency responsible for assessing or investigating allegations of maltreatment in child foster care, family child care, legally unlicensed child care, ~~juvenile correctional facilities licensed under section 241.021 located in the local welfare agency's county,~~ and reports involving children served by an unlicensed personal care provider organization under section 256B.0659. Copies of findings related to personal care provider organizations under section 256B.0659 must be forwarded to the Department of Human Services provider enrollment.

(b) The Department of Human Services is the agency responsible for assessing or investigating allegations of maltreatment in juvenile correctional facilities licensed by the Department of Corrections under section 241.021 and in facilities licensed under chapters 245A and 245D, except for child foster care and family child care.

(c) The Department of Health is the agency responsible for assessing or investigating allegations of child maltreatment in facilities licensed under sections 144.50 to 144.58 and 144A.43 to 144A.482."

Page 201, line 5, before "Minnesota" insert "(a)"

Page 201, after line 6, insert:

"(b) Minnesota Statutes 2016, sections 119B.16, subdivision 2; 245E.03, subdivision 3; and 245E.06, subdivisions 4 and 5, and Minnesota Rules, part 3400.0185, subpart 5, are repealed effective April 23, 2018."

Page 222, after line 19, insert:

"Sec. .... **[181.987] HEALTH CARE PRACTITIONER RESTRICTIVE COVENANTS VOID.**

Subdivision 1. **Health care practitioner.** For the purposes of this section, "health care practitioner" means a physician licensed under chapter 147, a physician assistant licensed under chapter 147A and acting within the authorized scope of practice, or an advanced practice registered nurse licensed under sections 148.171 to 148.285.

Subd. 2. **Health care practitioner restrictive covenants.** Any contract by which a healthcare practitioner is restrained from engaging in a lawful profession, trade, or business of any kind, within Wabasha County, is to that extent void and unenforceable.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a contract in effect on, or entered into on or after, that date."

Page 242, line 15, after "services" insert "", crisis residential services, or collaboration between crisis teams and critical access hospitals"

Page 242, line 17, after "services" insert ", including supportive housing"

Page 251, after line 25, insert:

"Sec. .... Minnesota Statutes 2016, section 62A.671, subdivision 6, is amended to read:

Subd. 6. **Licensed health care provider.** "Licensed health care provider" means a health care provider who is:

(1) licensed under chapter 147, 147A, 148, 148B, 148E, 148F, 150A, or 153; a mental health professional as defined under section 245.462, subdivision 18, or 245.4871, subdivision 27; a mental health practitioner as defined under section 245.462, subdivision 17 or 245.4871, subdivision 26, working under the general supervision of a mental health professional, or vendor of medical care defined in section 256B.02, subdivision 7; and

(2) authorized within their respective scope of practice to provide the particular service with no supervision or under general supervision.

EFFECTIVE DATE. This section is effective January 1, 2018."

Page 251, after line 25, insert:

"Sec. .... Minnesota Statutes 2016, section 151.01, subdivision 5, is amended to read:

Subd. 5. **Drug.** "Drug" means all medicinal substances and preparations recognized by the United States Pharmacopoeia and National Formulary, or any revision thereof~~, vaccines and biologicals, and~~; biological products, other than blood or blood components; all

substances and preparations intended for external and internal use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or other animals~~,~~; and all substances and preparations, other than food, intended to affect the structure or any function of the bodies of humans or other animals. The term drug shall also mean any compound, substance, or derivative that is not approved for human consumption by the United States Food and Drug Administration or specifically permitted for human consumption under Minnesota law, and, when introduced into the body, induces an effect similar to that of a Schedule I or Schedule II controlled substance listed in section 152.02, subdivisions 2 and 3, or Minnesota Rules, parts 6800.4210 and 6800.4220, regardless of whether the substance is marketed for the purpose of human consumption.

Sec. .... Minnesota Statutes 2016, section 151.01, is amended by adding a subdivision to read:

Subd. 40. **Biological product.** "Biological product" has the meaning provided in United States Code, title 42, section 262.

Sec. .... Minnesota Statutes 2016, section 151.01, is amended by adding a subdivision to read:

Subd. 41. **Interchangeable biological product.** "Interchangeable biological product" means a biological product that the U.S. Food and Drug Administration has:

(1) licensed, and determined to meet the standards for "interchangeability" under United States Code, title 42, section 262(k)(4); or

(2) determined to be therapeutically equivalent, as set forth in the most recent edition or supplement of the U.S. Food and Drug Administration publication titled "Approved Drug Products with Therapeutic Equivalence Evaluations."

Sec. .... Minnesota Statutes 2016, section 151.21, is amended to read:

151.21 SUBSTITUTION.

Subdivision 1. **Generally.** Except as provided in this section, it shall be unlawful for any pharmacist or pharmacist intern who dispenses prescriptions, drugs, and medicines to substitute an article different from the one ordered, or deviate in any manner from the requirements of ~~an order or~~ a prescription drug order without the approval of the prescriber.

Subd. 2. ~~**Brand name specified**~~ **Dispense as written prescription drug orders.** When a pharmacist receives a paper or hard copy prescription drug order on which the prescriber

has personally written in handwriting "dispense as written" or "D.A.W.," a prescription sent by electronic transmission on which the prescriber has expressly indicated in a manner consistent with the standards for electronic prescribing under Code of Federal Regulations, title 42, section 423, that the prescription is to be dispensed as transmitted and which bears the prescriber's electronic signature, or an oral prescription ~~in~~ for which the prescriber has expressly indicated that the prescription is to be dispensed as communicated, the pharmacist shall dispense the ~~brand name legend~~ drug as prescribed.

Subd. 3. ~~**Brand name not specified**~~ **Other prescription drug orders.** When a pharmacist receives a paper or hard copy prescription on which the prescriber has not personally written in handwriting "dispense as written" or "D.A.W.," a prescription sent by electronic transmission on which the prescriber has not expressly indicated in a manner consistent with the standards for electronic prescribing under Code of Federal Regulations, title 42, section 423, that the prescription is to be dispensed as transmitted and which bears the prescriber's electronic signature, or an oral prescription in which the prescriber has not expressly indicated that the prescription is to be dispensed as communicated, and there is available in the pharmacist's stock a less expensive generically equivalent drug or, if a biological product is prescribed, a less expensive interchangeable biological product ~~that, in the pharmacist's professional judgment, is safely interchangeable with the prescribed drug~~, then the pharmacist shall, after disclosing the substitution to the purchaser, dispense the ~~generic~~ generically equivalent drug or the interchangeable biological product, unless the purchaser objects. A pharmacist may also substitute pursuant to the oral instructions of the prescriber. A pharmacist may not substitute a generically equivalent drug ~~product~~ unless, in the pharmacist's professional judgment, the substituted drug is therapeutically equivalent and interchangeable to the prescribed drug. A pharmacist may not substitute a biological product unless the U.S. Food and Drug Administration has determined the substituted biological product to be interchangeable with the prescribed biological product. A pharmacist shall notify the purchaser if the pharmacist is dispensing a drug or biological product other than the ~~brand name~~ specific drug or biological product prescribed.

Subd. 3a. **Prescriptions by electronic transmission.** Nothing in this section permits a prescriber to maintain "dispense as written" or "D.A.W." as a default on all prescriptions. Prescribers must add the "dispense as written" or "D.A.W." designation to electronic prescriptions individually, as appropriate.

Subd. 4. **Pricing.** A pharmacist dispensing a drug under the provisions of subdivision 3 shall not dispense a drug of a higher retail price than that of the ~~brand name~~ drug prescribed. If more than one safely interchangeable ~~generic~~ drug is available in a pharmacist's stock,

then the pharmacist shall dispense the least expensive alternative. ~~Any difference between acquisition cost to the pharmacist of the drug dispensed and the brand name drug prescribed shall be passed on to the purchaser.~~

Subd. 4a. **Sign.** A pharmacy must post a sign in a conspicuous location and in a typeface easily seen at the counter where prescriptions are dispensed stating: "In order to save you money, this pharmacy will substitute whenever possible an FDA-approved, less expensive, generic drug product, which is therapeutically equivalent to and safely interchangeable with the one prescribed by your doctor, unless you object to this substitution."

Subd. 5. **Reimbursement.** Nothing in this section requires a pharmacist to substitute a ~~generic~~ drug if the substitution will make the transaction ineligible for third-party reimbursement.

Subd. 6. **Disclosure.** When a pharmacist dispenses a brand name legend drug and, at that time, a less expensive generically equivalent drug or interchangeable biological product is also available in the pharmacist's stock, the pharmacist shall disclose to the purchaser that a ~~generic~~ generically equivalent drug or interchangeable biological product is available.

Subd. 7. **Drug formulary.** This section does not apply when a pharmacist is dispensing a prescribed drug to persons covered under a managed health care plan that maintains a mandatory or closed drug formulary.

Subd. 8. **List of excluded products.** The Drug Formulary Committee established under section 256B.0625, subdivision 13, shall establish a list of drug products that are to be excluded from this section. This list shall be updated on an annual basis and shall be provided to the board for dissemination to pharmacists licensed in the state.

Subd. 9. **Extended supply.** (a) After a patient has obtained an initial 30-day supply of a prescription drug, and the patient returns to the pharmacy to obtain a refill, a pharmacist may dispense up to a 90-day supply of that prescription drug to the patient when the following requirements are met:

(1) the total quantity of dosage units dispensed by the pharmacist does not exceed the total quantity of dosage units of the remaining refills authorized by the prescriber; and

(2) the pharmacist is exercising the pharmacist's professional judgment.

(b) The initial 30-day supply requirement in paragraph (a) is not required if the prescription has previously been filled with a 90-day supply.

(c) Notwithstanding paragraph (a), a pharmacist may not exceed the number of dosage units authorized by a prescriber for an initial prescription or subsequent refills if:

(1) the prescriber has specified on the prescription that, due to medical necessity, the pharmacist may not exceed the number of dosage units identified on the prescription; or

(2) the prescription drug is a controlled substance, as defined in section 152.01, subdivision 4.

Subd. 10. **Electronic entry.** (a) Within five business days following the dispensing of a biological product, the dispensing pharmacist or the pharmacist's designee shall communicate to the prescriber the name and manufacturer of the biological product dispensed.

(b) The communication shall be conveyed by making an entry that is electronically accessible to the prescriber through:

(1) an interoperable electronic medical records system;

(2) an electronic prescribing technology;

(3) a pharmacy benefit management system; or

(4) a pharmacy record.

(c) Entry into an electronic records system as described in paragraph (b) is presumed to provide notice to the prescriber.

(d) When electronic communication as specified in paragraph (b) is not possible, the pharmacist or the pharmacist's designee shall communicate to the prescriber the name and manufacturer of the biological product dispensed by using mail, facsimile, telephone, or other secure means of electronic transmission.

(e) Communication of the name and manufacturer of the biological product dispensed shall not be required if:

(1) there is no U.S. Food and Drug Administration-approved interchangeable biological product for the product prescribed; or

(2) a prescription is being refilled and the biological product being dispensed is the same product dispensed on the prior filling of the prescription."

Page 284, line 22, delete "7,298,395,000" and insert "7,304,457,000" and delete "7,364,481,000" and insert "7,358,183,000"

Page 284, line 25, delete "6,750,150,000" and insert "6,756,212,000" and delete "6,818,197,000" and insert "6,811,923,000"

Page 284, line 28, delete "279,240,000" and insert "279,216,000"

Page 288, line 21, delete "104,394,000" and insert "105,512,000" and delete "103,124,000" and insert "103,607,000"

Page 289, line 10, delete "$103,481,000" and insert "$103,957,000"

Page 289, line 11, delete "$103,486,000" and insert "$103,962,000"

Page 290, line 7, delete "$115,000" and insert "$225,000"

Page 290, line 8, delete "$115,000" and insert "$183,000"

Page 290, line 25, delete "and"

Page 290, line 27, after "2a," insert "and other eligibility verification initiatives for enrollees or beneficiaries of all health care, income maintenance, and social service programs administered by the commissioner,"

Page 290, line 28, delete "under"

Page 290, line 29, delete "medical assistance and MinnesotaCare"

Page 291, line 4, delete "$16,027,000" and insert "$16,207,000"

Page 291, line 11, delete "14,156,000" and insert "14,386,000" and delete "14,141,000" and insert "14,357,000"

Page 291, lines 20 and 21, delete "$14,031,000" and insert "$14,297,000"

Page 291, line 24, delete "27,203,000" and insert "28,103,000" and delete "26,381,000" and insert "27,011,000"

Page 293, lines 2 and 3, delete "$25,718,000" and insert "$26,012,000"

Page 293, line 6, delete "97,851,000" and insert "98,537,000"

Page 293, line 9, delete "108,428,000" and insert "112,133,000" and delete "113,283,000" and insert "108,706,000"

Page 293, line 35, delete "12,787,000" and insert "12,763,000"

Page 294, line 6, delete "5,150,348,00" and insert "5,148,894,000" and delete "5,167,384,000" and insert "5,165,018,000"

Page 294, delete lines 31 to 35

Page 295, delete lines 1 to 9

Reletter the paragraphs in sequence

Page 296, line 12, delete "52,396,000" and insert "51,932,000" and delete "52,405,000" and insert "48,059,000"

Page 296, line 14, delete "$52,409,000" and insert "$48,037,000"

Page 296, line 15, delete "$52,409,000" and insert "$48,020,000"

Page 296, line 31, after "postadoption" insert "foster care, adoption, and kinship services"

Page 297, line 1, after "postadoption" insert "foster care, adoption, and kinship services"

Page 304, line 3, delete the first "21,770,000" and insert "23,770,000" and delete the second "21,770,000" and insert "24,770,000"

Page 307, line 14, delete "Minnesota Life College"

Page 307, after line 18, insert:

"**(e) Disability Waiver Rate System Transition Grants.** $2,000,000 in fiscal year 2018 and $3,000,000 in fiscal year 2019 are from the general fund for grants to home and community-based waiver services providers that will receive at least a ten percent decrease in revenues due to the transition to rates calculated under Minnesota Statutes, section 256B.4914. Grants shall ensure ongoing access for individuals currently receiving these services and provide stability to provider organizations as they transition to new service delivery models. The base for fiscal year 2020 is $1,000,000. This is a onetime appropriation."

Reletter the paragraphs in sequence

Page 307, line 20, delete "$21,022,000" and insert "$22,022,000"

Page 323, line 27, delete "3,637,000" and insert "4,509,000" and delete "3,637,000" and insert "4,438,000"

Page 324, line 19, delete "$3,037,000" and insert "$3,840,000" and delete "$3,037,000" and insert "$3,840,000"

Page 325, line 6, delete "2,307,000" and insert "2,407,000" and delete "2,327,000" and insert "2,427,000"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly