

2.1	<u>State Government</u>		
2.2	<u>Special Revenue</u>	<u>84,000</u>	<u>75,000</u>
2.3	<u>Health Care Access</u>	<u>(7,000)</u>	<u>(9,000)</u>

2.4 The appropriations in this section are to the
 2.5 commissioner of human services. Each
 2.6 appropriation is in addition to base
 2.7 appropriations. The amounts that may be spent
 2.8 for each purpose are specified in the following
 2.9 subdivisions.

2.10 **Subd. 2. Central Office; Operations**

2.11	<u>Appropriations by Fund</u>		
2.12		<u>2020</u>	<u>2021</u>
2.13	<u>General</u>	<u>3,432,000</u>	<u>3,051,000</u>
2.14	<u>State Government</u>		
2.15	<u>Special Revenue</u>	<u>84,000</u>	<u>75,000</u>

2.16 **(a) Child Care Licensing Inspections.**
 2.17 \$673,000 in fiscal year 2020 and \$722,000 in
 2.18 fiscal year 2021 are to add eight child care
 2.19 licensing staff for the purpose of increasing
 2.20 the frequency of inspections of child care
 2.21 centers to ensure the health and safety of
 2.22 children in care, provide technical assistance
 2.23 to newly-licensed programs, and monitor
 2.24 struggling programs more closely to evaluate
 2.25 whether the program should be referred to the
 2.26 Office of Inspector General for a potential
 2.27 fraud investigation.

2.28 **(b) Child Care Assistance Programs - Fraud**
 2.29 **and Abuse Data Analysts.** \$317,000 in fiscal
 2.30 year 2020 and \$339,000 in fiscal year 2021
 2.31 are to add two data analysts to strengthen the
 2.32 commissioner's ability to identify, detect, and
 2.33 prevent fraud and abuse in the child care
 2.34 assistance programs under Minnesota Statutes,
 2.35 chapter 119B.

3.1 **(c) Office of Inspector General**

3.2 **Investigators.** \$418,000 in fiscal year 2020
3.3 and \$483,000 in fiscal year 2021 are to add
3.4 four investigators to the Office of Inspector
3.5 General to detect, prevent, and make
3.6 recoveries from fraudulent activities among
3.7 providers in the medical assistance program
3.8 under Minnesota Statutes, chapter 256B.

3.9 **(d) Office of Inspector General Tracking**

3.10 **System.** \$355,000 in fiscal year 2020 and
3.11 \$105,000 in fiscal year 2021 are to purchase
3.12 a system to record, track, and report on
3.13 investigative activity for the Office of
3.14 Inspector General to strengthen fraud
3.15 prevention and investigation activities for child
3.16 care assistance programs under Minnesota
3.17 Statutes, chapter 119B.

3.18 **(e) Fraud Prevention Investigation Grant**

3.19 **Program.** \$529,000 in fiscal year 2020 and
3.20 \$546,000 in fiscal year 2021 are for the fraud
3.21 prevention investigation grant program under
3.22 Minnesota Statutes, section 256.983. Of this
3.23 amount, the commissioner may use up to
3.24 \$104,000 in the first year and up to \$121,000
3.25 in the second year to add one permanent
3.26 full-time equivalent employee to support the
3.27 grant program.

3.28 **(f) Child Care Assistance Programs - Law**

3.29 **Enforcement.** \$350,000 in fiscal year 2020
3.30 and \$350,000 in fiscal year 2021 are to add
3.31 two additional law enforcement officers under
3.32 contract with the Bureau of Criminal
3.33 Apprehension, to conduct criminal
3.34 investigations in child care assistance program
3.35 cases.

4.1 (g) Base Level Adjustment. The general fund
 4.2 base is increased by \$3,191,000 in fiscal year
 4.3 2022 and \$3,190,000 in fiscal year 2023.

4.4 Subd. 3. Central Office; Children and Families 105,000 120,000

4.5 Child Care Assistance Programs -
 4.6 Improvements. \$71,000 in fiscal year 2020
 4.7 and \$82,000 in fiscal year 2021 are to add one
 4.8 temporary staff to plan for improvements to
 4.9 provider registration and oversight for the
 4.10 child care assistance programs under
 4.11 Minnesota Statutes, chapter 119B. This is a
 4.12 onetime appropriation.

4.13 Subd. 4. Forecasted Programs; MFIP/DWP (118,000) (157,000)

4.14 Subd. 5. Forecasted Programs; MFIP Child Care
 4.15 Assistance (304,000) 10,206,000

4.16 Subd. 6. Forecasted Programs; General
 4.17 Assistance (26,000) (34,000)

4.18 Subd. 7. Forecasted Programs; Minnesota
 4.19 Supplemental Aid (22,000) (29,000)

4.20 Subd. 8. Forecasted Programs; Housing Support (88,000) (117,000)

4.21 Subd. 9. Forecasted Programs; MinnesotaCare (7,000) (9,000)

4.22 Generally. This reduction is from the health
 4.23 care access fund.

4.24 Subd. 10. Forecasted Programs; Medical
 4.25 Assistance (210,000) (280,000)

4.26 Subd. 11. Grant Programs; Basic Sliding Fee
 4.27 Child Care Assistance Grants 9,987,000 21,042,000

4.28 (a) Basic Sliding Fee Waiting List

4.29 Allocation. Notwithstanding Minnesota
 4.30 Statutes, section 119B.03, this appropriation
 4.31 is to reduce the basic sliding fee program
 4.32 waiting list as follows:

4.33 (1) the calendar year 2020 allocation must be
 4.34 increased to serve families on the waiting list.

5.1 To receive funds appropriated for this purpose,
 5.2 a county must have a waiting list in the most
 5.3 recent published waiting list month;

5.4 (2) funds must be distributed proportionately
 5.5 based on the average of the most recent six
 5.6 months of published waiting lists to counties
 5.7 that meet the criteria in clause (1);

5.8 (3) allocations in calendar years 2021 and
 5.9 beyond must be calculated using the allocation
 5.10 formula in Minnesota Statutes, section
 5.11 119B.03; and

5.12 (4) the guaranteed floor for calendar year 2021
 5.13 must be based on the revised calendar year
 5.14 2020 allocation.

5.15 **(b) Basic Sliding Fee 2020 Allocation.**
 5.16 Notwithstanding Minnesota Statutes, section
 5.17 119B.03, subdivisions 6, 6a, and 6b, the
 5.18 commissioner must allocate the additional
 5.19 basic sliding fee child care funds for calendar
 5.20 year 2020 to counties for updated maximum
 5.21 rates based on relative need to cover maximum
 5.22 rate increases. In distributing the additional
 5.23 funds, the commissioner shall consider the
 5.24 following factors by county:

- 5.25 (1) number of children;
- 5.26 (2) provider type;
- 5.27 (3) age of children; and
- 5.28 (4) amount of the increase in maximum rates.

5.29 **(c) Base Level Adjustment.** The general fund
 5.30 base is increased by \$25,817,000 in fiscal year
 5.31 2022 and \$32,788,000 in fiscal year 2023.

5.32 <u>Subd. 12. Grant Programs; Child Care</u>		
5.33 <u>Development Grants</u>	<u>600,000</u>	<u>600,000</u>

6.1 (a) First Children's Finance Child Care Site
 6.2 Assistance Grant. \$500,000 in each year is
 6.3 for a grant to First Children's Finance as
 6.4 provided under section 4. This is a onetime
 6.5 appropriation.

6.6 (b) REETAIN Grant. \$100,000 in each year
 6.7 is for the REETAIN grant program under
 6.8 Minnesota Statutes, section 119B.195. The
 6.9 unencumbered balance in the first year does
 6.10 not cancel but is available for the second year.
 6.11 The base for this program is \$100,000 in each
 6.12 year for fiscal years 2022 and 2023.

6.13 <u>Subd. 13. Grant Programs; Children and</u>			
6.14 <u>Economic Support Grants</u>	<u>260,000</u>		<u>0</u>

6.15 Food Shelf Programs. This appropriation is
 6.16 for food shelf programs under Minnesota
 6.17 Statutes, section 256E.34, to purchase diapers.
 6.18 Hunger Solutions must establish an application
 6.19 process for food shelves and determine the
 6.20 allocation of money to food shelves. This
 6.21 appropriation is in addition to any other
 6.22 appropriation for food shelf programs under
 6.23 Minnesota Statutes, section 256E.34. This is
 6.24 a onetime appropriation.

6.25 **Sec. 3. COMMISSIONER OF HEALTH**

6.26 <u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>250,000</u>	<u>\$</u>	<u>250,000</u>
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6.27 The appropriations in this section are to the
 6.28 commissioner of health. Each appropriation
 6.29 is in addition to base appropriations. The
 6.30 amounts that may be spent for each purpose
 6.31 are specified in the following subdivisions.

6.32 <u>Subd. 2. Health Improvement</u>		<u>250,000</u>		<u>250,000</u>
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6.33 Home Visiting. This appropriation is for home
 6.34 visiting programs under Minnesota Statutes,

7.1 section 145.87. This is a onetime
7.2 appropriation.

7.3 Sec. 4. **FIRST CHILDREN'S FINANCE CHILD CARE SITE ASSISTANCE.**

7.4 Subdivision 1. **Purposes.** Grants under section 2, subdivision 12, to First Children's
7.5 Finance are for loans to improve child care or early childhood education sites, or loans to
7.6 plan, design, and construct or expand licensed and legal nonlicensed sites to increase the
7.7 availability of child care or early childhood education.

7.8 Subd. 2. **Financing program.** (a) First Children's Finance must use grant funds to:

7.9 (1) establish a revolving loan fund to make loans to existing, expanding, and newly
7.10 licensed and legally unlicensed child care and early childhood education sites;

7.11 (2) establish a fund to guarantee private loans to improve or construct a child care or
7.12 early childhood education site;

7.13 (3) establish a fund to provide forgivable loans or grants to match all or part of a loan
7.14 made under this section;

7.15 (4) establish a fund as a reserve against bad debt; and

7.16 (5) establish a fund to provide business planning assistance for child care providers.

7.17 (b) First Children's Finance must establish the terms and conditions for loans and loan
7.18 guarantees including interest rates, repayment agreements, private match requirements, and
7.19 conditions for loan forgiveness. A minimum interest rate for loans must be established to
7.20 ensure that necessary loan administration costs are covered. Interest earnings may be used
7.21 for administrative expenses.

7.22 Subd. 3. **Reporting.** First Children's Finance must:

7.23 (1) by September 30, 2020, and September 30, 2021, report to the commissioner of
7.24 human services the purposes for which the money was used during the past fiscal year,
7.25 including a description of projects supported by the financing, an account of loans made
7.26 during the calendar year, the financing program's assets and liabilities, and an explanation
7.27 of administrative expenses; and

7.28 (2) submit to the commissioner of human services a copy of the report of an independent
7.29 audit performed in accordance with generally accepted accounting practices and auditing
7.30 standards, for each fiscal year in which grants are received.

8.1 **ARTICLE 2**8.2 **EARLY CARE FINANCE AND POLICY**

8.3 Section 1. Minnesota Statutes 2018, section 119B.011, is amended by adding a subdivision
8.4 to read:

8.5 Subd. 13b. **Homeless.** "Homeless" means a self-declared housing status as defined in
8.6 the McKinney-Vento Homeless Assistance Act and United States Code, title 42, section
8.7 11302, paragraph (a).

8.8 **EFFECTIVE DATE.** This section is effective September 21, 2020.

8.9 Sec. 2. Minnesota Statutes 2018, section 119B.011, subdivision 19, is amended to read:

8.10 Subd. 19. **Provider.** "Provider" means:

8.11 (1) an individual or child care center or facility, ~~either licensed or unlicensed, providing~~
8.12 ~~legal child care services as defined~~ licensed to provide child care under section 245A.03,
8.13 chapter 245A when operating within the terms of the license; or

8.14 (2) a license exempt center required to be certified under chapter 245H;

8.15 (3) an individual or child care center or facility holding that: (i) holds a valid child care
8.16 license issued by another state or a tribe and providing; (ii) provides child care services in
8.17 the licensing state or in the area under the licensing tribe's jurisdiction; and (iii) is in
8.18 compliance with federal health and safety requirements as certified by the licensing state
8.19 or tribe, or as determined by receipt of child care development block grant funds in the
8.20 licensing state; or

8.21 (4) a legal nonlicensed child care provider as defined under section 119B.011, subdivision
8.22 16, providing legal child care services. A ~~legally unlicensed family~~ legal nonlicensed child
8.23 care provider must be at least 18 years of age, and not a member of the MFIP assistance
8.24 unit or a member of the family receiving child care assistance to be authorized under this
8.25 chapter.

8.26 **EFFECTIVE DATE.** This section is effective July 1, 2019.

8.27 Sec. 3. Minnesota Statutes 2018, section 119B.011, subdivision 20, is amended to read:

8.28 Subd. 20. **Transition year families.** "Transition year families" means families who have
8.29 received MFIP assistance, or who were eligible to receive MFIP assistance after choosing
8.30 to discontinue receipt of the cash portion of MFIP assistance under section 256J.31,
8.31 subdivision 12, or families who have received DWP assistance under section 256J.95 for

9.1 at least ~~three~~ one of the last six months before losing eligibility for MFIP or DWP.
9.2 Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090, subpart 2,
9.3 transition year child care may be used to support employment, approved education or training
9.4 programs, or job search that meets the requirements of section 119B.10. Transition year
9.5 child care is not available to families who have been disqualified from MFIP or DWP due
9.6 to fraud.

9.7 **EFFECTIVE DATE.** This section is effective March 23, 2020.

9.8 Sec. 4. Minnesota Statutes 2018, section 119B.02, subdivision 7, is amended to read:

9.9 Subd. 7. **Child care market rate survey.** ~~Biennially,~~ The commissioner shall conduct
9.10 the next survey of prices charged by child care providers in Minnesota in state fiscal year
9.11 2021 and every three years thereafter to determine the 75th percentile for like-care
9.12 arrangements in county price clusters.

9.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.14 Sec. 5. Minnesota Statutes 2018, section 119B.025, subdivision 1, is amended to read:

9.15 Subdivision 1. **Applications.** (a) Except as provided in paragraph (c), clause (4), the
9.16 county shall verify the following at all initial child care applications using the universal
9.17 application:

9.18 (1) identity of adults;

9.19 (2) presence of the minor child in the home, if questionable;

9.20 (3) relationship of minor child to the parent, stepparent, legal guardian, eligible relative
9.21 caretaker, or the spouses of any of the foregoing;

9.22 (4) age;

9.23 (5) immigration status, if related to eligibility;

9.24 (6) Social Security number, if given;

9.25 (7) counted income;

9.26 (8) spousal support and child support payments made to persons outside the household;

9.27 (9) residence; and

9.28 (10) inconsistent information, if related to eligibility.

10.1 (b) The county must mail a notice of approval or denial of assistance to the applicant
10.2 within 30 calendar days after receiving the application. The county may extend the response
10.3 time by 15 calendar days if the applicant is informed of the extension.

10.4 (c) For an applicant who declares that the applicant is homeless and who meets the
10.5 definition of homeless in section 119B.011, subdivision 13b, the county must:

10.6 (1) if information is needed to determine eligibility, send a request for information to
10.7 the applicant within five working days after receiving the application;

10.8 (2) if the applicant is eligible, send a notice of approval of assistance within five working
10.9 days after receiving the application;

10.10 (3) if the applicant is ineligible, send a notice of denial of assistance within 30 days after
10.11 receiving the application. The county may extend the response time by 15 calendar days if
10.12 the applicant is informed of the extension;

10.13 (4) not require verifications required by paragraph (a) before issuing the notice of approval
10.14 or denial; and

10.15 (5) follow limits set by the commissioner for how frequently expedited application
10.16 processing may be used for an applicant under this paragraph.

10.17 (d) An applicant who declares that the applicant is homeless must submit proof of
10.18 eligibility within three months of the date the application was received. If proof of eligibility
10.19 is not submitted within three months, eligibility ends. A 15-day adverse action notice is
10.20 required to end eligibility.

10.21 **EFFECTIVE DATE.** This section is effective September 21, 2020.

10.22 Sec. 6. Minnesota Statutes 2018, section 119B.03, subdivision 9, is amended to read:

10.23 Subd. 9. **Portability pool.** (a) The commissioner shall establish a pool of up to five
10.24 percent of the annual appropriation for the basic sliding fee program to provide continuous
10.25 child care assistance for eligible families who move between Minnesota counties. At the
10.26 end of each allocation period, any unspent funds in the portability pool must be used for
10.27 assistance under the basic sliding fee program. If expenditures from the portability pool
10.28 exceed the amount of money available, the reallocation pool must be reduced to cover these
10.29 shortages.

10.30 ~~(b) To be eligible for portable basic sliding fee assistance,~~ A family that has moved from
10.31 a county in which it was receiving basic sliding fee assistance to a county with a waiting
10.32 list for the basic sliding fee program must:

11.1 (1) meet the income and eligibility guidelines for the basic sliding fee program; and

11.2 (2) notify ~~the new county of residence within 60 days of moving and submit information~~
11.3 ~~to the new county of residence to verify eligibility for the basic sliding fee program~~ the
11.4 family's previous county of residence of the family's move to a new county of residence.

11.5 (c) The receiving county must:

11.6 (1) accept administrative responsibility for applicants for portable basic sliding fee
11.7 assistance at the end of the two months of assistance under the Unitary Residency Act;

11.8 (2) continue portability pool basic sliding fee assistance ~~for the lesser of six months or~~
11.9 until the family is able to receive assistance under the county's regular basic sliding program;
11.10 and

11.11 (3) notify the commissioner through the quarterly reporting process of any family that
11.12 meets the criteria of the portable basic sliding fee assistance pool.

11.13 **EFFECTIVE DATE.** This section is effective December 2, 2019.

11.14 Sec. 7. Minnesota Statutes 2018, section 119B.09, subdivision 1, is amended to read:

11.15 Subdivision 1. **General eligibility requirements.** (a) Child care services must be
11.16 available to families who need child care to find or keep employment or to obtain the training
11.17 or education necessary to find employment and who:

11.18 (1) have household income less than or equal to 67 percent of the state median income,
11.19 adjusted for family size, at application and redetermination, and meet the requirements of
11.20 section 119B.05; receive MFIP assistance; and are participating in employment and training
11.21 services under chapter 256J; or

11.22 (2) have household income less than or equal to 47 percent of the state median income,
11.23 adjusted for family size, at application and less than or equal to 67 percent of the state
11.24 median income, adjusted for family size, at redetermination.

11.25 (b) Child care services must be made available as in-kind services.

11.26 (c) All applicants for child care assistance and families currently receiving child care
11.27 assistance must be assisted and required to cooperate in establishment of paternity and
11.28 enforcement of child support obligations for all children in the family at application and
11.29 redetermination as a condition of program eligibility. For purposes of this section, a family
11.30 is considered to meet the requirement for cooperation when the family complies with the
11.31 requirements of section 256.741.

12.1 (d) All applicants for child care assistance and families currently receiving child care
12.2 assistance must pay the co-payment fee under section 119B.12, subdivision 2, as a condition
12.3 of eligibility. The co-payment fee may include additional recoupment fees due to a child
12.4 care assistance program overpayment.

12.5 (e) If a family has one child with a child care authorization and the child reaches 13
12.6 years of age or the child has a disability and reaches 15 years of age, the family remains
12.7 eligible until the redetermination.

12.8 **EFFECTIVE DATE.** This section is effective June 29, 2020.

12.9 Sec. 8. Minnesota Statutes 2018, section 119B.095, subdivision 2, is amended to read:

12.10 Subd. 2. **Maintain steady child care authorizations.** (a) Notwithstanding Minnesota
12.11 Rules, chapter 3400, the amount of child care authorized under section 119B.10 for
12.12 employment, education, or an MFIP or DWP employment plan shall continue at the same
12.13 number of hours or more hours until redetermination, including:

12.14 (1) when the other parent moves in and is employed or has an education plan under
12.15 section 119B.10, subdivision 3, or has an MFIP or DWP employment plan; or

12.16 (2) when the participant's work hours are reduced or a participant temporarily stops
12.17 working or attending an approved education program. Temporary changes include, but are
12.18 not limited to, a medical leave, seasonal employment fluctuations, or a school break between
12.19 semesters.

12.20 (b) The county may increase the amount of child care authorized at any time if the
12.21 participant verifies the need for increased hours for authorized activities.

12.22 (c) The county may reduce the amount of child care authorized if a parent requests a
12.23 reduction or because of a change in:

12.24 (1) the child's school schedule;

12.25 (2) the custody schedule; or

12.26 (3) the provider's availability.

12.27 (d) The amount of child care authorized for a family subject to subdivision 1, paragraph
12.28 (b), must change when the participant's activity schedule changes. Paragraph (a) does not
12.29 apply to a family subject to subdivision 1, paragraph (b).

13.1 (e) When a child reaches 13 years of age or a child with a disability reaches 15 years of
13.2 age, the amount of child care authorized shall continue at the same number of hours or more
13.3 hours until redetermination.

13.4 **EFFECTIVE DATE.** This section is effective June 29, 2020.

13.5 Sec. 9. Minnesota Statutes 2018, section 119B.095, is amended by adding a subdivision
13.6 to read:

13.7 Subd. 3. **Assistance for persons who are homeless.** An applicant who is homeless and
13.8 eligible for child care assistance is exempt from the activity participation requirements under
13.9 this chapter for three months. The applicant under this subdivision is eligible for 60 hours
13.10 of child care assistance per service period for three months from the date the county receives
13.11 the application. Additional hours may be authorized as needed based on the applicant's
13.12 participation in employment, education, or MFIP or DWP employment plan. To continue
13.13 receiving child care assistance after the initial three months, the applicant must verify that
13.14 the applicant meets eligibility and activity requirements for child care assistance under this
13.15 chapter.

13.16 **EFFECTIVE DATE.** This section is effective September 21, 2020.

13.17 Sec. 10. Minnesota Statutes 2018, section 119B.13, subdivision 1, is amended to read:

13.18 Subdivision 1. **Subsidy restrictions.** (a) ~~Beginning February 3, 2014,~~ The maximum
13.19 rate paid for child care assistance in any county or county price cluster under the child care
13.20 fund shall be (1) the greater of the 25th percentile of the 2011 2018 child care provider rate
13.21 survey under section 119B.02, subdivision 7, or (2) the maximum rate effective November
13.22 28, 2011 rates in effect at the time of the update. For a child care provider located within
13.23 the boundaries of a city located in two or more of the counties of Benton, Sherburne, and
13.24 Stearns, the maximum rate paid for child care assistance shall be equal to the maximum
13.25 rate paid in the county with the highest maximum reimbursement rates or the provider's
13.26 charge, whichever is less. The commissioner may: (1) assign a county with no reported
13.27 provider prices to a similar price cluster; and (2) consider county level access when
13.28 determining final price clusters.

13.29 (b) A rate which includes a special needs rate paid under subdivision 3 may be in excess
13.30 of the maximum rate allowed under this subdivision.

13.31 (c) The department shall monitor the effect of this paragraph on provider rates. The
13.32 county shall pay the provider's full charges for every child in care up to the maximum

14.1 established. The commissioner shall determine the maximum rate for each type of care on
14.2 an hourly, full-day, and weekly basis, including special needs and disability care.

14.3 (d) If a child uses one provider, the maximum payment for one day of care must not
14.4 exceed the daily rate. The maximum payment for one week of care must not exceed the
14.5 weekly rate.

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

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

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

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

14.11 (f) Child care providers receiving reimbursement under this chapter must not be paid
14.12 activity fees or an additional amount above the maximum rates for care provided during
14.13 nonstandard hours for families receiving assistance.

14.14 (g) If the provider charge is greater than the maximum provider rate allowed, the parent
14.15 is responsible for payment of the difference in the rates in addition to any family co-payment
14.16 fee.

14.17 (h) All maximum provider rates changes shall be implemented on the Monday following
14.18 the effective date of the maximum provider rate.

14.19 (i) ~~Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration~~
14.20 ~~fees in effect on January 1, 2013, shall remain in effect.~~ The maximum registration fee paid
14.21 for child care assistance in any county or county price cluster under the child care fund must
14.22 be the greater of (1) the 25th percentile of the 2018 child care provider rate survey under
14.23 section 119B.02, subdivision 7, or (2) the registration fee in effect at the time of the update.
14.24 Maximum registration fees must be set for licensed family child care and for child care
14.25 centers. For a child care provider located within the boundaries of a city located in two or
14.26 more of the counties of Benton, Sherburne, and Stearns, the maximum registration fee paid
14.27 for child care assistance must be equal to the maximum registration fee paid in the county
14.28 with the highest maximum registration fee or the provider's charge, whichever is less.

14.29 **EFFECTIVE DATE.** Paragraph (a) is effective September 20, 2019. Paragraph (i) is
14.30 effective September 23, 2019.

15.1 Sec. 11. Minnesota Statutes 2018, section 119B.16, subdivision 1, is amended to read:

15.2 Subdivision 1. **Fair hearing allowed for applicants and recipients.** (a) An applicant
15.3 or recipient adversely affected by an action of a county agency action or the commissioner,
15.4 for an action taken directly against the applicant or recipient, may request and receive a fair
15.5 hearing in accordance with this subdivision and section 256.045. An applicant or recipient
15.6 does not have a right to a fair hearing if a county agency or the commissioner takes action
15.7 against a provider.

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

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

15.15 **EFFECTIVE DATE.** This section is effective February 26, 2021.

15.16 Sec. 12. Minnesota Statutes 2018, section 119B.16, subdivision 1a, is amended to read:

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

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

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

15.29 (1) denies or revokes a provider's authorization, unless the action entitles the provider
15.30 to an administrative review under section 119B.161;

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

16.1 (3) establishes an overpayment for failure to comply with section 119B.125, subdivision
 16.2 6;

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

16.5 (5) initiates an administrative fraud disqualification hearing; or

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

16.7 (c) A provider may request a fair hearing by submitting a written request to the
 16.8 Department of Human Services, Appeals Division. A provider's request must be received
 16.9 by the Appeals Division no later than 30 days after the date a county or the commissioner
 16.10 mails the notice.

16.11 (d) The provider's appeal request must contain the following:

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

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

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

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

16.18 **EFFECTIVE DATE.** This section is effective February 26, 2021.

16.19 Sec. 13. Minnesota Statutes 2018, section 119B.16, subdivision 1b, is amended to read:

16.20 Subd. 1b. **Joint fair hearings.** ~~When a provider requests a fair hearing under subdivision~~
 16.21 ~~1a, the family in whose case the overpayment was created must be made a party to the fair~~
 16.22 ~~hearing. All other issues raised by the family must be resolved in the same proceeding.~~
 16.23 ~~When a family requests a fair hearing and claims that the county should have assigned~~
 16.24 ~~responsibility for an overpayment to a provider, the provider must be made a party to the~~
 16.25 ~~fair hearing. The human services judge assigned to a fair hearing may join a family or a~~
 16.26 ~~provider as a party to the fair hearing whenever joinder of that party is necessary to fully~~
 16.27 ~~and fairly resolve overpayment issues raised in the appeal.~~

16.28 **EFFECTIVE DATE.** This section is effective February 26, 2021.

17.1 Sec. 14. Minnesota Statutes 2018, section 119B.16, is amended by adding a subdivision
17.2 to read:

17.3 Subd. 1c. **Notice to providers.** (a) Before taking an action appealable under subdivision
17.4 1a, paragraph (b), a county agency or the commissioner must mail written notice to the
17.5 provider against whom the action is being taken. Unless otherwise specified under chapter
17.6 119B or 245E or Minnesota Rules, chapter 3400, a county agency or the commissioner must
17.7 mail the written notice at least 15 calendar days before the adverse action's effective date.

17.8 (b) The notice shall state (1) the factual basis for the department's determination, (2) the
17.9 action the department intends to take, (3) the dollar amount of the monetary recovery or
17.10 recoupment, if known, and (4) the provider's right to appeal the department's proposed
17.11 action.

17.12 **EFFECTIVE DATE.** This section is effective February 26, 2021.

17.13 Sec. 15. Minnesota Statutes 2018, section 119B.16, is amended by adding a subdivision
17.14 to read:

17.15 Subd. 3. **Fair hearing stayed.** (a) If a county agency or the commissioner denies or
17.16 revokes a provider's authorization based on a licensing action under section 245A.07, and
17.17 the provider appeals, the provider's fair hearing must be stayed until the commissioner issues
17.18 an order as required under section 245A.08, subdivision 5.

17.19 (b) If the commissioner denies or revokes a provider's authorization based on
17.20 decertification under section 245H.07, and the provider appeals, the provider's fair hearing
17.21 must be stayed until the commissioner issues a final order as required under section 245H.07.

17.22 **EFFECTIVE DATE.** This section is effective February 26, 2021.

17.23 Sec. 16. Minnesota Statutes 2018, section 119B.16, is amended by adding a subdivision
17.24 to read:

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

17.28 **EFFECTIVE DATE.** This section is effective February 26, 2021.

17.29 Sec. 17. **[119B.161] ADMINISTRATIVE REVIEW.**

17.30 Subdivision 1. **Applicability.** A provider has the right to an administrative review under
17.31 this section if (1) a payment was suspended under chapter 245E, or (2) the provider's

18.1 authorization was denied or revoked under section 119B.13, subdivision 6, paragraph (d),
18.2 clause (1) or (2).

18.3 Subd. 2. **Notice.** (a) A county agency or the commissioner must mail written notice to
18.4 a provider within five days of suspending payment or denying or revoking the provider's
18.5 authorization under subdivision 1.

18.6 (b) The notice must:

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

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

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

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

18.16 (c) Notwithstanding Minnesota Rules, part 3400.0185, if a county agency or the
18.17 commissioner suspends payment to a provider under chapter 245E or denies or revokes a
18.18 provider's authorization under section 119B.13, subdivision 6, paragraph (d), clause (1) or
18.19 (2), a county agency or the commissioner must send notice of service authorization closure
18.20 to each affected family. The notice sent to an affected family is effective on the date the
18.21 notice is created.

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

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

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

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

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

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

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

19.11 **EFFECTIVE DATE.** This section is effective February 26, 2021.

19.12 Sec. 18. **[119B.195] RETAINING EARLY EDUCATORS THROUGH ATTAINING**
19.13 **INCENTIVES NOW (REETAIN) GRANT PROGRAM.**

19.14 Subdivision 1. **Establishment; purpose.** The retaining early educators through attaining
19.15 incentives now (REETAIN) grant program is established to provide competitive grants to
19.16 incentivize well-trained child care professionals to stay in the workforce to create more
19.17 consistent care for children over time.

19.18 Subd. 2. **Administration.** (a) The commissioner must administer the REETAIN grant
19.19 program, and must provide a grant to a nonprofit organization with demonstrated ability to
19.20 manage benefit programs for child care professionals.

19.21 (b) Up to ten percent of grant funds may be used for administration of the grant program.

19.22 Subd. 3. **Application.** Applicants must apply for the REETAIN grant program in the
19.23 manner and according to the timelines established by the commissioner.

19.24 Subd. 4. **Eligibility.** (a) Applicants must:

19.25 (1) be licensed to provide child care or work for a licensed child care program;

19.26 (2) work directly with children at least 30 hours per week;

19.27 (3) be in their current position for at least 12 months;

19.28 (4) be willing to stay in their current position for at least 12 months after receiving a
19.29 grant under this section;

19.30 (5) have a career lattice step of five or higher;

20.1 (6) have a current membership with the Minnesota quality improvement and registry
20.2 tool; and

20.3 (7) meet any other requirements established by the commissioner.

20.4 (b) Grant recipients must sign a contract agreeing to remain in their current position for
20.5 12 months.

20.6 Subd. 5. **Grant awards.** (a) To the extent that funding is available, a child care
20.7 professional's annual amount for the REETAIN grant must not exceed an amount determined
20.8 by the commissioner. A child care professional must apply each year to compete for an
20.9 award, and may receive up to one award per year.

20.10 (b) Grant funds may be used for program supplies, training, or personal expenses.

20.11 Subd. 6. **Report.** Annually by January 1, the commissioner must report to the legislative
20.12 committees with jurisdiction over early childhood on the number of grants awarded and
20.13 outcomes of the grant program.

20.14 **EFFECTIVE DATE; APPLICATION.** This section is effective July 1, 2019. The first
20.15 report under subdivision 6 is due by January 1, 2021.

20.16 Sec. 19. Minnesota Statutes 2018, section 144.966, subdivision 2, is amended to read:

20.17 Subd. 2. **Newborn Hearing Screening Advisory Committee.** (a) The commissioner
20.18 of health shall establish a Newborn Hearing Screening Advisory Committee to advise and
20.19 assist the Department of Health and the Department of Education in:

20.20 (1) developing protocols and timelines for screening, rescreening, and diagnostic
20.21 audiological assessment and early medical, audiological, and educational intervention
20.22 services for children who are deaf or hard-of-hearing;

20.23 (2) designing protocols for tracking children from birth through age three that may have
20.24 passed newborn screening but are at risk for delayed or late onset of permanent hearing
20.25 loss;

20.26 (3) designing a technical assistance program to support facilities implementing the
20.27 screening program and facilities conducting rescreening and diagnostic audiological
20.28 assessment;

20.29 (4) designing implementation and evaluation of a system of follow-up and tracking; and

20.30 (5) evaluating program outcomes to increase effectiveness and efficiency and ensure
20.31 culturally appropriate services for children with a confirmed hearing loss and their families.

- 21.1 (b) The commissioner of health shall appoint at least one member from each of the
21.2 following groups with no less than two of the members being deaf or hard-of-hearing:
- 21.3 (1) a representative from a consumer organization representing culturally deaf persons;
- 21.4 (2) a parent with a child with hearing loss representing a parent organization;
- 21.5 (3) a consumer from an organization representing oral communication options;
- 21.6 (4) a consumer from an organization representing cued speech communication options;
- 21.7 (5) an audiologist who has experience in evaluation and intervention of infants and
21.8 young children;
- 21.9 (6) a speech-language pathologist who has experience in evaluation and intervention of
21.10 infants and young children;
- 21.11 (7) two primary care providers who have experience in the care of infants and young
21.12 children, one of which shall be a pediatrician;
- 21.13 (8) a representative from the early hearing detection intervention teams;
- 21.14 (9) a representative from the Department of Education resource center for the deaf and
21.15 hard-of-hearing or the representative's designee;
- 21.16 (10) a representative of the Commission of the Deaf, DeafBlind and Hard of Hearing;
- 21.17 (11) a representative from the Department of Human Services Deaf and Hard-of-Hearing
21.18 Services Division;
- 21.19 (12) one or more of the Part C coordinators from the Department of Education, the
21.20 Department of Health, or the Department of Human Services or the department's designees;
- 21.21 (13) the Department of Health early hearing detection and intervention coordinators;
- 21.22 (14) two birth hospital representatives from one rural and one urban hospital;
- 21.23 (15) a pediatric geneticist;
- 21.24 (16) an otolaryngologist;
- 21.25 (17) a representative from the Newborn Screening Advisory Committee under this
21.26 subdivision; ~~and~~
- 21.27 (18) a representative of the Department of Education regional low-incidence facilitators;
- 21.28 (19) a representative from the deaf mentor program; and

22.1 (20) a representative of the Minnesota State Academy for the Deaf from the Minnesota
22.2 State Academies staff.

22.3 The commissioner must complete the initial appointments required under this subdivision
22.4 by September 1, 2007, and the initial appointments under clauses (19) and (20) by September
22.5 1, 2019.

22.6 (c) The Department of Health member shall chair the first meeting of the committee. At
22.7 the first meeting, the committee shall elect a chair from its membership. The committee
22.8 shall meet at the call of the chair, at least four times a year. The committee shall adopt
22.9 written bylaws to govern its activities. The Department of Health shall provide technical
22.10 and administrative support services as required by the committee. These services shall
22.11 include technical support from individuals qualified to administer infant hearing screening,
22.12 rescreening, and diagnostic audiological assessments.

22.13 Members of the committee shall receive no compensation for their service, but shall be
22.14 reimbursed as provided in section 15.059 for expenses incurred as a result of their duties
22.15 as members of the committee.

22.16 (d) By February 15, 2015, and by February 15 of the odd-numbered years after that date,
22.17 the commissioner shall report to the chairs and ranking minority members of the legislative
22.18 committees with jurisdiction over health and data privacy on the activities of the committee
22.19 that have occurred during the past two years.

22.20 (e) This subdivision expires June 30, ~~2019~~ 2025.

22.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.22 Sec. 20. **[145.87] HOME VISITING FOR PREGNANT WOMEN AND FAMILIES**
22.23 **WITH YOUNG CHILDREN.**

22.24 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

22.25 (b) "Evidence-based home visiting program" means a program that:

22.26 (1) is based on a clear, consistent program or model that is research-based and grounded
22.27 in relevant, empirically based knowledge;

22.28 (2) is linked to program-determined outcomes and is associated with a national
22.29 organization, institution of higher education, or national or state public health institute;

22.30 (3) has comprehensive home visitation standards that ensure high-quality service delivery
22.31 and continuous quality improvement;

23.1 (4) has demonstrated significant, sustained positive outcomes; and

23.2 (5) either (i) has been evaluated using rigorous, randomized controlled research designs
23.3 with the evaluations published in a peer-reviewed journal; or (ii) is based on
23.4 quasi-experimental research using two or more separate, comparable client samples.

23.5 (c) "Evidence-informed home visiting program" means a program that:

23.6 (1) has data or evidence demonstrating the program's effectiveness at achieving positive
23.7 outcomes for pregnant women and young children; and

23.8 (2) either has (i) an active evaluation of the program; or (ii) a plan and timeline for an
23.9 active evaluation of the program to be conducted.

23.10 (d) "Health equity" means every individual has a fair opportunity to attain the individual's
23.11 full health potential, and no individual is prevented from achieving this potential.

23.12 Subd. 2. **Grants for home visiting programs.** The commissioner shall award grants to
23.13 community health boards, nonprofit organizations, and tribal nations to start up or expand
23.14 home visiting programs serving pregnant women and families with young children. Home
23.15 visiting programs supported under this section shall provide home visits by early childhood
23.16 professionals or health professionals, including nurses, social workers, early childhood
23.17 educators, or trained paraprofessionals. Grant funds shall be used:

23.18 (1) to start up or expand evidence-based home visiting programs that address health
23.19 equity, or evidence-informed home visiting programs that address health equity; and

23.20 (2) to serve families with young children or pregnant women who are high risk or have
23.21 high needs. For purposes of this clause, high risk includes but is not limited to a family with
23.22 low income, or a parent or pregnant woman with mental illness or a substance use disorder
23.23 or experiencing domestic abuse.

23.24 Subd. 3. **Grant prioritization.** (a) In awarding grants, the commissioner shall give
23.25 priority to community health boards, nonprofit organizations, and tribal nations seeking to
23.26 expand home visiting services with community or regional partnerships.

23.27 (b) The commissioner shall allocate at least 75 percent of the grant funds awarded each
23.28 grant cycle to evidence-based home visiting programs that address health equity and up to
23.29 25 percent of the grant funds awarded each grant cycle to evidence-informed home visiting
23.30 programs that address health equity.

24.1 Subd. 4. **No supplanting of existing funds.** Funding awarded under this section shall
 24.2 only be used to supplement, and not to replace, funds being used for evidence-based home
 24.3 visiting programs or evidence-informed home visiting programs.

24.4 Subd. 5. **Administrative costs.** The commissioner may use up to ten percent of the
 24.5 annual appropriation under this section to provide training and technical assistance and to
 24.6 administer and evaluate the program. The commissioner may contract for training,
 24.7 capacity-building support for grantees or potential grantees, technical assistance, and
 24.8 evaluation support.

24.9 Sec. 21. Minnesota Statutes 2018, section 245E.06, subdivision 3, is amended to read:

24.10 Subd. 3. **Appeal of department sanction action.** (a) If the department does not pursue
 24.11 a criminal action against a provider, license holder, controlling individual, or recipient for
 24.12 financial misconduct, but the department imposes an administrative sanction under section
 24.13 245E.02, subdivision 4, paragraph (c), any individual or entity against whom the sanction
 24.14 was imposed may appeal the department's administrative sanction under this section pursuant
 24.15 to section 119B.16 or 256.045 with the additional requirements in clauses (1) to (4). An
 24.16 appeal must specify:

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

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

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

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

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

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

24.29 A provider's rights related to the department's action taken under this chapter against a
 24.30 provider are established in sections 119B.16 and 119B.161.

24.31 **EFFECTIVE DATE.** This section is effective February 26, 2021.

25.1 Sec. 22. Minnesota Statutes 2018, section 245H.07, is amended to read:

25.2 **245H.07 DECERTIFICATION.**

25.3 Subdivision 1. Generally. (a) The commissioner may decertify a center if a certification
25.4 holder:

25.5 (1) failed to comply with an applicable law or rule; ~~or~~

25.6 (2) knowingly withheld relevant information from or gave false or misleading information
25.7 to the commissioner in connection with an application for certification, in connection with
25.8 the background study status of an individual, during an investigation, or regarding compliance
25.9 with applicable laws or rules; or

25.10 (3) has authorization to receive child care assistance payments revoked pursuant to
25.11 chapter 119B.

25.12 (b) When considering decertification, the commissioner shall consider the nature,
25.13 chronicity, or severity of the violation of law or rule.

25.14 (c) When a center is decertified, the center is ineligible to receive a child care assistance
25.15 payment under chapter 119B.

25.16 Subd. 2. Reconsideration. (a) The certification holder may request reconsideration of
25.17 the decertification by notifying the commissioner by certified mail or personal service. The
25.18 request must be made in writing. If sent by certified mail, the request must be postmarked
25.19 and sent to the commissioner within ten calendar days after the certification holder received
25.20 the order. If a request is made by personal service, it must be received by the commissioner
25.21 within ten calendar days after the certification holder received the order. The certification
25.22 holder may submit with the request for reconsideration written argument or evidence in
25.23 support of the request for reconsideration.

25.24 (b) If the commissioner decertifies a center pursuant to subdivision 1, paragraph (a),
25.25 clause (3), and if the center appeals the revocation of the center's authorization to receive
25.26 child care assistance payments, the final decertification determination is stayed until the
25.27 appeal of the center's authorization under chapter 119B is resolved. If the center also requests
25.28 reconsideration of the decertification, the center must do so according to paragraph (a). The
25.29 final decision on reconsideration is stayed until the appeal of the center's authorization under
25.30 chapter 119B is resolved.

25.31 (c) The commissioner's disposition of a request for reconsideration is final and not subject
25.32 to appeal under chapter 14.

26.1 **EFFECTIVE DATE.** This section is effective February 26, 2021.

26.2 Sec. 23. **REPEALER.**

26.3 Minnesota Statutes 2018, sections 119B.16, subdivision 2; and 245E.06, subdivisions
 26.4 2, 4, and 5, and Minnesota Rules, part 3400.0185, subpart 5, are repealed effective February
 26.5 26, 2021.

26.6 **ARTICLE 3**

26.7 **LICENSING**

26.8 Section 1. Minnesota Statutes 2018, section 245A.04, subdivision 4, is amended to read:

26.9 Subd. 4. **Inspections; waiver.** (a) Before issuing an initial license, the commissioner
 26.10 shall conduct an inspection of the program. The inspection must include but is not limited
 26.11 to:

26.12 (1) an inspection of the physical plant;

26.13 (2) an inspection of records and documents;

26.14 (3) an evaluation of the program by consumers of the program;

26.15 (4) observation of the program in operation; and

26.16 (5) an inspection for the health, safety, and fire standards in licensing requirements for
 26.17 a child care license holder.

26.18 For the purposes of this subdivision, "consumer" means a person who receives the
 26.19 services of a licensed program, the person's legal guardian, or the parent or individual having
 26.20 legal custody of a child who receives the services of a licensed program.

26.21 (b) The evaluation required in paragraph (a), clause (3), or the observation in paragraph
 26.22 (a), clause (4), is not required prior to issuing an initial license under subdivision 7. If the
 26.23 commissioner issues an initial license under subdivision 7, these requirements must be
 26.24 completed within one year after the issuance of an initial license.

26.25 (c) Before completing a licensing inspection in a family child care program or child care
 26.26 center, the licensing agency must offer the license holder an exit interview to discuss
 26.27 violations or potential violations of law or rule observed during the inspection and offer
 26.28 technical assistance on how to comply with applicable laws and rules. ~~Nothing in this~~
 26.29 ~~paragraph limits the ability of the commissioner to issue a correction order or negative~~
 26.30 ~~action for violations of law or rule not discussed in an exit interview or in the event that a~~
 26.31 ~~license holder chooses not to participate in an exit interview.~~ The commissioner shall not

27.1 issue a correction order or negative licensing action for violations of law or rule not discussed
27.2 in an exit interview, unless a license holder chooses not to participate in an exit interview.
27.3 If the license holder is unable to complete the exit interview, the licensing agency must
27.4 offer an alternate time for the license holder to complete the exit interview.

27.5 (d) If a family child care license holder disputes a county licensor's interpretation of a
27.6 licensing requirement during a licensing inspection or exit interview, the license holder
27.7 may, within five business days after the exit interview or licensing inspection, request
27.8 clarification from the commissioner, in writing, in a manner prescribed by the commissioner.
27.9 The license holder's request must describe the county licensor's interpretation of the licensing
27.10 requirement at issue, and explain why the license holder believes the county licensor's
27.11 interpretation is inaccurate. The commissioner and the county must include the license
27.12 holder in all correspondence regarding the disputed interpretation, and must provide an
27.13 opportunity for the license holder to contribute relevant information that may impact the
27.14 commissioner's decision. The commissioner or county licensor must not issue a correction
27.15 order related to the disputed licensing requirement until the commissioner has provided
27.16 clarification to the license holder about the licensing requirement.

27.17 ~~(d)~~ (e) The commissioner or the county shall inspect at least annually a child care provider
27.18 licensed under this chapter and Minnesota Rules, chapter 9502 or 9503, for compliance
27.19 with applicable licensing standards.

27.20 ~~(e)~~ (f) No later than November 19, 2017, the commissioner shall make publicly available
27.21 on the department's website the results of inspection reports of all child care providers
27.22 licensed under this chapter and under Minnesota Rules, chapter 9502 or 9503, and the
27.23 number of deaths, serious injuries, and instances of substantiated child maltreatment that
27.24 occurred in licensed child care settings each year.

27.25 Sec. 2. Minnesota Statutes 2018, section 245A.14, is amended by adding a subdivision to
27.26 read:

27.27 Subd. 17. **Reusable water bottles or cups.** Notwithstanding any law to the contrary, a
27.28 child care center that meets the standards in Minnesota Rules, chapter 9503, may provide
27.29 drinking water to a child in a reusable water bottle or reusable cup if the center develops
27.30 and ensures implementation of a written policy that at a minimum includes the following
27.31 procedures:

27.32 (1) each day the water bottle or cup is used, the child care center cleans and sanitizes
27.33 the water bottle or cup using procedures that comply with the Food Code under Minnesota
27.34 Rules, chapter 4626;

28.1 (2) water bottle or cup is assigned to a specific child and labeled with the child's first
28.2 and last name;

28.3 (3) water bottles and cups are stored in a manner that reduces the risk of a child using
28.4 the wrong water bottle or cup; and

28.5 (4) a water bottle or cup is used only for water.

28.6 **EFFECTIVE DATE.** This section is effective September 30, 2019.

28.7 Sec. 3. Minnesota Statutes 2018, section 245A.145, subdivision 1, is amended to read:

28.8 Subdivision 1. **Policies and procedures.** ~~(a) All licensed child care providers~~ The
28.9 Department of Human Services must develop policies and procedures for reporting suspected
28.10 child maltreatment that fulfill the requirements in section 626.556 and ~~must develop policies~~
28.11 ~~and procedures for reporting complaints about the operation of a child care program. The~~
28.12 ~~policies and procedures must include the telephone numbers of the local county child~~
28.13 ~~protection agency for reporting suspected maltreatment; the county licensing agency for~~
28.14 ~~family and group family child care providers; and the state licensing agency for child care~~
28.15 ~~centers.~~ provide the policies and procedures to all licensed child care providers. The policies
28.16 and procedures must be written in plain language.

28.17 (b) The policies and procedures required in paragraph (a) must:

28.18 (1) be provided to the parents of all children at the time of enrollment in the child care
28.19 program; and

28.20 (2) be made available upon request.

28.21 Sec. 4. Minnesota Statutes 2018, section 245A.145, subdivision 2, is amended to read:

28.22 Subd. 2. **Licensing agency phone number displayed.** ~~By July 1, 2002,~~ A new or
28.23 renewed child care license must include the licensing agency's telephone number and a
28.24 statement that informs parents who have ~~concerns~~ questions about their child's care that
28.25 they may call the licensing agency. ~~The commissioner shall print the telephone number for~~
28.26 ~~the licensing agency in bold and large font on the license issued to child care providers.~~

28.27 Sec. 5. [245A.149] SUPERVISION OF FAMILY CHILD CARE LICENSE
28.28 HOLDER'S OWN CHILD.

28.29 Notwithstanding Minnesota Rules, part 9502.0365, subpart 5, an individual may supervise
28.30 the family child care license holder's own child both inside and outside of the licensed space,

29.1 and is exempt from the requirements of this chapter and Minnesota Rules, chapter 9502, if
29.2 the individual:

29.3 (1) is related to the license holder, as defined in section 245A.02, subdivision 13;

29.4 (2) is not a designated caregiver, helper, or substitute for the licensed program; and

29.5 (3) is involved only in the care of the license holder's own child.

29.6 **EFFECTIVE DATE.** This section is effective September 30, 2019.

29.7 Sec. 6. Minnesota Statutes 2018, section 245A.41, subdivision 3, is amended to read:

29.8 Subd. 3. **Emergency preparedness.** (a) ~~No later than September 30, 2017,~~ A licensed
29.9 child care center must have a written emergency plan for emergencies that require evacuation,
29.10 sheltering, or other protection of a child, such as fire, natural disaster, intruder, or other
29.11 threatening situation that may pose a health or safety hazard to a child. The plan must be
29.12 written on a form developed by the commissioner and must include:

29.13 (1) procedures for an evacuation, relocation, shelter-in-place, or lockdown;

29.14 (2) a designated relocation site and evacuation route;

29.15 (3) procedures for notifying a child's parent or legal guardian of the evacuation, relocation,
29.16 shelter-in-place, or lockdown, including procedures for reunification with families;

29.17 (4) accommodations for a child with a disability or a chronic medical condition;

29.18 (5) procedures for storing a child's medically necessary medicine that facilitates easy
29.19 removal during an evacuation or relocation;

29.20 (6) procedures for continuing operations in the period during and after a crisis; ~~and~~

29.21 (7) procedures for communicating with local emergency management officials, law
29.22 enforcement officials, or other appropriate state or local authorities; and

29.23 (8) accommodations for infants and toddlers.

29.24 (b) The license holder must train staff persons on the emergency plan at orientation,
29.25 when changes are made to the plan, and at least once each calendar year. Training must be
29.26 documented in each staff person's personnel file.

29.27 (c) The license holder must conduct drills according to the requirements in Minnesota
29.28 Rules, part 9503.0110, subpart 3. The date and time of the drills must be documented.

30.1 (d) The license holder must review and update the emergency plan annually.
30.2 Documentation of the annual emergency plan review shall be maintained in the program's
30.3 administrative records.

30.4 (e) The license holder must include the emergency plan in the program's policies and
30.5 procedures as specified under section 245A.04, subdivision 14. The license holder must
30.6 provide a physical or electronic copy of the emergency plan to the child's parent or legal
30.7 guardian upon enrollment.

30.8 (f) The relocation site and evacuation route must be posted in a visible place as part of
30.9 the written procedures for emergencies and accidents in Minnesota Rules, part 9503.0140,
30.10 subpart 21.

30.11 **EFFECTIVE DATE.** This section is effective September 30, 2019.

30.12 Sec. 7. Minnesota Statutes 2018, section 245A.50, is amended by adding a subdivision to
30.13 read:

30.14 **Subd. 12. Training exemption.** An individual who is related to the license holder, as
30.15 defined in section 245A.02, subdivision 13, who is involved only in the care of the family
30.16 child care license holder's own child and who is not a designated caregiver, helper, or
30.17 substitute for the licensed program is exempt from the training requirements in this section.

30.18 **EFFECTIVE DATE.** This section is effective September 30, 2019.

30.19 Sec. 8. Minnesota Statutes 2018, section 245A.51, subdivision 3, is amended to read:

30.20 **Subd. 3. Emergency preparedness plan.** (a) ~~No later than September 30, 2017,~~ a
30.21 licensed family child care provider must have a written emergency preparedness plan for
30.22 emergencies that require evacuation, sheltering, or other protection of children, such as fire,
30.23 natural disaster, intruder, or other threatening situation that may pose a health or safety
30.24 hazard to children. The plan must be written on a form developed by the commissioner and
30.25 updated at least annually. The plan must include:

30.26 (1) procedures for an evacuation, relocation, shelter-in-place, or lockdown;

30.27 (2) a designated relocation site and evacuation route;

30.28 (3) procedures for notifying a child's parent or legal guardian of the evacuation,
30.29 shelter-in-place, or lockdown, including procedures for reunification with families;

30.30 (4) accommodations for a child with a disability or a chronic medical condition;

31.1 (5) procedures for storing a child's medically necessary medicine that facilitate easy
31.2 removal during an evacuation or relocation;

31.3 (6) procedures for continuing operations in the period during ~~and~~ after a crisis; and

31.4 (7) procedures for communicating with local emergency management officials, law
31.5 enforcement officials, or other appropriate state or local authorities; and

31.6 (8) accommodations for infants and toddlers.

31.7 (b) The license holder must train caregivers before the caregiver provides care and at
31.8 least annually on the emergency preparedness plan and document completion of this training.

31.9 (c) The license holder must conduct drills according to the requirements in Minnesota
31.10 Rules, part 9502.0435, subpart 8. The date and time of the drills must be documented.

31.11 (d) The license holder must have the emergency preparedness plan available for review
31.12 and posted in a prominent location. The license holder must provide a physical or electronic
31.13 copy of the plan to the child's parent or legal guardian upon enrollment.

31.14 **EFFECTIVE DATE.** This section is effective September 30, 2019.

31.15 Sec. 9. **[245A.53] SUBSTITUTE CAREGIVERS AND REPLACEMENTS IN**
31.16 **FAMILY CHILD CARE.**

31.17 Subdivision 1. **Total hours allowed.** Notwithstanding Minnesota Rules, part 9502.0365,
31.18 subpart 5, the use of a substitute caregiver in a licensed family child care program must be
31.19 limited to a cumulative total of not more than 400 hours in a calendar year. The license
31.20 holder must document the name, dates, and number of hours of the substitute who provided
31.21 care.

31.22 Subd. 2. **Emergency replacement supervision.** (a) A license holder may allow an adult
31.23 who has not completed the training requirements under this chapter or the background study
31.24 requirements under chapter 245C to supervise children in a family child care program in
31.25 an emergency. For purposes of this subdivision, an emergency is a situation in which:

31.26 (1) the license holder has begun operating the family child care program for the day and
31.27 for reasons beyond the license holder's control, including, but not limited to a serious illness
31.28 or injury, accident, or situation requiring the license holder's immediate attention, the license
31.29 holder needs to leave the licensed space and close the program for the day; and

31.30 (2) the parents or guardians of the children attending the program are contacted to pick
31.31 up their children as soon as is practicable.

32.1 (b) The license holder must make reasonable efforts to minimize the time the emergency
32.2 replacement has unsupervised contact with the children in care, not to exceed 24 hours per
32.3 emergency incident.

32.4 (c) The license holder shall not knowingly use a person as an emergency replacement
32.5 who has committed an action or has been convicted of a crime that would cause the person
32.6 to be disqualified from providing care to children, if a background study was conducted
32.7 under chapter 245C.

32.8 (d) To the extent practicable, the license holder must attempt to arrange for emergency
32.9 care by a substitute caregiver before using an emergency replacement.

32.10 (e) To the extent practicable, the license holder must notify the county licensing agency
32.11 within seven days that an emergency replacement was used, and specify the circumstances
32.12 that led to the use of the emergency replacement. The county licensing agency must notify
32.13 the commissioner within three business days after receiving the license holder's notice that
32.14 an emergency replacement was used, and specify the circumstances that led to the use of
32.15 the emergency replacement.

32.16 (f) Notwithstanding the requirements in Minnesota Rules, part 9502.0405, a license
32.17 holder is not required to provide the names of persons who may be used as substitutes or
32.18 replacements in emergencies to parents or the county licensing agency.

32.19 **EFFECTIVE DATE.** This section is effective September 30, 2019.

32.20 Sec. 10. Minnesota Statutes 2018, section 245H.15, subdivision 1, is amended to read:

32.21 Subdivision 1. **Written emergency plan.** (a) A certified center must have a written
32.22 emergency plan for emergencies that require evacuation, sheltering, or other protection of
32.23 children, such as fire, natural disaster, intruder, or other threatening situation that may pose
32.24 a health or safety hazard to children. The plan must be written on a form developed by the
32.25 commissioner and reviewed and updated at least once each calendar year. The annual review
32.26 of the emergency plan must be documented.

32.27 (b) The plan must include:

32.28 (1) procedures for an evacuation, relocation, shelter-in-place, or lockdown;

32.29 (2) a designated relocation site and evacuation route;

32.30 (3) procedures for notifying a child's parent or legal guardian of the relocation and
32.31 reunification with families;

32.32 (4) accommodations for a child with a disability or a chronic medical condition;

33.1 (5) procedures for storing a child's medically necessary medicine that facilitates easy
33.2 removal during an evacuation or relocation;

33.3 (6) procedures for continuing operations in the period during and after a crisis; ~~and~~

33.4 (7) procedures for communicating with local emergency management officials, law
33.5 enforcement officials, or other appropriate state or local authorities; and

33.6 (8) accommodations for infants and toddlers.

33.7 (c) The certification holder must have an emergency plan available for review upon
33.8 request by the child's parent or legal guardian.

33.9 **EFFECTIVE DATE.** This section is effective September 30, 2019.

33.10

ARTICLE 4

33.11

PROGRAM INTEGRITY

33.12 Section 1. Minnesota Statutes 2018, section 13.46, subdivision 3, is amended to read:

33.13 Subd. 3. **Investigative data.** (a) Data on persons, including data on vendors of services,
33.14 licensees, and applicants that is collected, maintained, used, or disseminated by the welfare
33.15 system in an investigation, authorized by statute, and relating to the enforcement of rules
33.16 or law are confidential data on individuals pursuant to section 13.02, subdivision 3, or
33.17 protected nonpublic data not on individuals pursuant to section 13.02, subdivision 13, and
33.18 shall not be disclosed except:

33.19 (1) pursuant to section 13.05;

33.20 (2) pursuant to statute or valid court order;

33.21 (3) to a party named in a civil or criminal proceeding, administrative or judicial, for
33.22 preparation of defense; ~~or~~

33.23 (4) to an agent of the welfare system or an investigator acting on behalf of a county,

33.24 state, or federal government, including a law enforcement officer or attorney in the

33.25 investigation or prosecution of a criminal, civil, or administrative proceeding, unless the

33.26 commissioner of human services determines that disclosure may compromise a department

33.27 of human services ongoing investigation; or

33.28 ~~(4)~~ (5) to provide notices required or permitted by statute.

33.29 The data referred to in this subdivision shall be classified as public data upon submission
33.30 to an administrative law judge or court in an administrative or judicial proceeding. Inactive
33.31 welfare investigative data shall be treated as provided in section 13.39, subdivision 3.

34.1 (b) Notwithstanding any other provision in law, the commissioner of human services
34.2 shall provide all active and inactive investigative data, including the name of the reporter
34.3 of alleged maltreatment under section 626.556 or 626.557, to the ombudsman for mental
34.4 health and developmental disabilities upon the request of the ombudsman.

34.5 (c) Notwithstanding paragraph (a) and section 13.39, the existence of an investigation
34.6 by the commissioner of human services of possible overpayments of public funds to a service
34.7 provider or recipient may be disclosed if the commissioner determines that it will not
34.8 compromise the investigation.

34.9 Sec. 2. Minnesota Statutes 2018, section 15C.02, is amended to read:

34.10 **15C.02 LIABILITY FOR CERTAIN ACTS.**

34.11 (a) A person who commits any act described in clauses (1) to (7) is liable to the state or
34.12 the political subdivision for a civil penalty ~~of not less than \$5,500 and not more than \$11,000~~
34.13 ~~per false or fraudulent claim~~ in the amounts set forth in the federal False Claims Act, United
34.14 States Code, title 31, section 3729, and as modified by the federal Civil Penalties Inflation
34.15 Adjustment Act Improvements Act of 2015, plus three times the amount of damages that
34.16 the state or the political subdivision sustains because of the act of that person, except as
34.17 otherwise provided in paragraph (b):

34.18 (1) knowingly presents, or causes to be presented, a false or fraudulent claim for payment
34.19 or approval;

34.20 (2) knowingly makes or uses, or causes to be made or used, a false record or statement
34.21 material to a false or fraudulent claim;

34.22 (3) knowingly conspires to commit a violation of clause (1), (2), (4), (5), (6), or (7);

34.23 (4) has possession, custody, or control of property or money used, or to be used, by the
34.24 state or a political subdivision and knowingly delivers or causes to be delivered less than
34.25 all of that money or property;

34.26 (5) is authorized to make or deliver a document certifying receipt for money or property
34.27 used, or to be used, by the state or a political subdivision and, intending to defraud the state
34.28 or a political subdivision, makes or delivers the receipt without completely knowing that
34.29 the information on the receipt is true;

34.30 (6) knowingly buys, or receives as a pledge of an obligation or debt, public property
34.31 from an officer or employee of the state or a political subdivision who lawfully may not
34.32 sell or pledge the property; or

35.1 (7) knowingly makes or uses, or causes to be made or used, a false record or statement
35.2 material to an obligation to pay or transmit money or property to the state or a political
35.3 subdivision, or knowingly conceals or knowingly and improperly avoids or decreases an
35.4 obligation to pay or transmit money or property to the state or a political subdivision.

35.5 (b) Notwithstanding paragraph (a), the court may assess not less than two times the
35.6 amount of damages that the state or the political subdivision sustains because of the act of
35.7 the person if:

35.8 (1) the person committing a violation under paragraph (a) furnished an officer or
35.9 employee of the state or the political subdivision responsible for investigating the false or
35.10 fraudulent claim violation with all information known to the person about the violation
35.11 within 30 days after the date on which the person first obtained the information;

35.12 (2) the person fully cooperated with any investigation by the state or the political
35.13 subdivision of the violation; and

35.14 (3) at the time the person furnished the state or the political subdivision with information
35.15 about the violation, no criminal prosecution, civil action, or administrative action had been
35.16 commenced under this chapter with respect to the violation and the person did not have
35.17 actual knowledge of the existence of an investigation into the violation.

35.18 (c) A person violating this section is also liable to the state or the political subdivision
35.19 for the costs of a civil action brought to recover any penalty or damages.

35.20 (d) A person is not liable under this section for mere negligence, inadvertence, or mistake
35.21 with respect to activities involving a false or fraudulent claim.

35.22 Sec. 3. Minnesota Statutes 2018, section 119B.02, subdivision 6, is amended to read:

35.23 Subd. 6. **Data.** (a) Data collected, maintained, used, or disseminated by the welfare
35.24 system pertaining to persons selected as legal nonlicensed child care providers by families
35.25 receiving child care assistance shall be treated as licensing data as provided in section 13.46,
35.26 subdivision 4.

35.27 (b) For purposes of this paragraph, "child care assistance program payment data" means
35.28 data for a specified time period showing (1) that a child care assistance program payment
35.29 under this chapter was made, and (2) the amount of child care assistance payments made
35.30 to a child care center. Child care assistance program payment data may include the number
35.31 of families and children on whose behalf payments were made for the specified time period.
35.32 Any child care assistance program payment data that may identify a specific child care
35.33 assistance recipient or benefit paid on behalf of a specific child care assistance recipient,

36.1 as determined by the commissioner, is private data on individuals as defined in section
36.2 13.02, subdivision 12. Data related to a child care assistance payment is public if the data
36.3 relates to a child care assistance payment made to a licensed child care center or a child
36.4 care center exempt from licensure and:

36.5 (1) the child care center receives payment of more than \$100,000 from the child care
36.6 assistance program under this chapter in a period of one year or less; or

36.7 (2) when the commissioner or county agency either:

36.8 (i) disqualified the center from receipt of a payment from the child care assistance
36.9 program under this chapter for wrongfully obtaining child care assistance under section
36.10 256.98, subdivision 8, paragraph (c);

36.11 (ii) refused a child care authorization, revoked a child care authorization, stopped
36.12 payment, or denied payment for a bill for the center under section 119B.13, subdivision 6,
36.13 paragraph (d); or

36.14 (iii) made a finding of financial misconduct under section 245E.02.

36.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

36.16 Sec. 4. Minnesota Statutes 2018, section 119B.09, subdivision 7, is amended to read:

36.17 Subd. 7. **Date of eligibility for assistance.** (a) The date of eligibility for child care
36.18 assistance under this chapter is the later of the date the application was received by the
36.19 county; the beginning date of employment, education, or training; the date the infant is born
36.20 for applicants to the at-home infant care program; or the date a determination has been made
36.21 that the applicant is a participant in employment and training services under Minnesota
36.22 Rules, part 3400.0080, or chapter 256J.

36.23 (b) Payment ceases for a family under the at-home infant child care program when a
36.24 family has used a total of 12 months of assistance as specified under section 119B.035.
36.25 Payment of child care assistance for employed persons on MFIP is effective the date of
36.26 employment or the date of MFIP eligibility, whichever is later. Payment of child care
36.27 assistance for MFIP or DWP participants in employment and training services is effective
36.28 the date of commencement of the services or the date of MFIP or DWP eligibility, whichever
36.29 is later. Payment of child care assistance for transition year child care must be made
36.30 retroactive to the date of eligibility for transition year child care.

37.1 (c) Notwithstanding paragraph (b), payment of child care assistance for participants
37.2 eligible under section 119B.05 may only be made retroactive for a maximum of ~~six~~ three
37.3 months from the date of application for child care assistance.

37.4 **EFFECTIVE DATE.** This section is effective July 1, 2019.

37.5 Sec. 5. Minnesota Statutes 2018, section 119B.125, subdivision 6, is amended to read:

37.6 Subd. 6. **Record-keeping requirement.** (a) As a condition of payment, all providers
37.7 receiving child care assistance payments must:

37.8 (1) keep accurate and legible daily attendance records at the site where services are
37.9 delivered for children receiving child care assistance; and

37.10 ~~must~~ (2) make those records available immediately to the county or the commissioner
37.11 upon request. Any records not provided to a county or the commissioner at the date and
37.12 time of the request are deemed inadmissible if offered as evidence by the provider in any
37.13 proceeding to contest an overpayment or disqualification of the provider.

37.14 ~~The~~ (b) As a condition of payment, attendance records must be completed daily and
37.15 include the date, the first and last name of each child in attendance, and the times when
37.16 each child is dropped off and picked up. To the extent possible, the times that the child was
37.17 dropped off to and picked up from the child care provider must be entered by the person
37.18 dropping off or picking up the child. The daily attendance records must be retained at the
37.19 site where services are delivered for six years after the date of service.

37.20 (c) A county or the commissioner may deny or revoke a provider's authorization as a
37.21 ~~child care provider to any applicant, rescind authorization of any provider, to receive child~~
37.22 care assistance payments under section 119B.13, subdivision 6, paragraph (d), pursue a
37.23 fraud disqualification under section 256.98, take an action against the provider under chapter
37.24 245E, or establish an attendance record overpayment claim in the system under paragraph
37.25 (d) against a current or former provider, when the county or the commissioner knows or
37.26 has reason to believe that the provider has not complied with the record-keeping requirement
37.27 in this subdivision. A provider's failure to produce attendance records as requested on more
37.28 than one occasion constitutes grounds for disqualification as a provider.

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

38.1 (e) The commissioner shall develop criteria for a county to determine an attendance
38.2 record overpayment under this subdivision.

38.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

38.4 Sec. 6. Minnesota Statutes 2018, section 119B.13, subdivision 6, is amended to read:

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

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

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

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

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

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

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

39.1 (4) the provider is operating after:

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

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

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

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

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

39.9 (7) the provider fails to report decreases in a child's attendance, as required under section
39.10 119B.125, subdivision 9.

39.11 (e) For purposes of paragraph (d), clauses (3), (5), ~~and~~ (6), and (7), the county or the
39.12 commissioner may withhold the provider's authorization or payment for a period of time
39.13 not to exceed three months beyond the time the condition has been corrected.

39.14 (f) A county's payment policies must be included in the county's child care plan under
39.15 section 119B.08, subdivision 3. If payments are made by the state, in addition to being in
39.16 compliance with this subdivision, the payments must be made in compliance with section
39.17 16A.124.

39.18 **EFFECTIVE DATE.** This section is effective July 1, 2019.

39.19 Sec. 7. Minnesota Statutes 2018, section 119B.13, subdivision 7, is amended to read:

39.20 Subd. 7. **Absent days.** (a) Licensed child care providers and license-exempt centers
39.21 must not be reimbursed for more than 25 full-day absent days per child, excluding holidays,
39.22 in a ~~fixed~~ calendar year, or for more than ten consecutive full-day absent days. "Absent
39.23 day" means any day that the child is authorized and scheduled to be in care with a licensed
39.24 provider or license exempt center, and the child is absent from the care for the entire day.

39.25 Legal nonlicensed family child care providers must not be reimbursed for absent days. If a
39.26 child attends for part of the time authorized to be in care in a day, but is absent for part of
39.27 the time authorized to be in care in that same day, the absent time must be reimbursed but
39.28 the time must not count toward the absent days limit. Child care providers must only be
39.29 reimbursed for absent days if the provider has a written policy for child absences and charges
39.30 all other families in care for similar absences.

39.31 (b) Notwithstanding paragraph (a), children with documented medical conditions that
39.32 cause more frequent absences may exceed the 25 absent days limit, or ten consecutive

40.1 full-day absent days limit. Absences due to a documented medical condition of a parent or
40.2 sibling who lives in the same residence as the child receiving child care assistance do not
40.3 count against the absent days limit in a ~~fiscal~~ calendar year. Documentation of medical
40.4 conditions must be on the forms and submitted according to the timelines established by
40.5 the commissioner. A public health nurse or school nurse may verify the illness in lieu of a
40.6 medical practitioner. If a provider sends a child home early due to a medical reason,
40.7 including, but not limited to, fever or contagious illness, the child care center director or
40.8 lead teacher may verify the illness in lieu of a medical practitioner.

40.9 (c) Notwithstanding paragraph (a), children in families may exceed the absent days limit
40.10 if at least one parent: (1) is under the age of 21; (2) does not have a high school diploma or
40.11 commissioner of education-selected high school equivalency certification; and (3) is a
40.12 student in a school district or another similar program that provides or arranges for child
40.13 care, parenting support, social services, career and employment supports, and academic
40.14 support to achieve high school graduation, upon request of the program and approval of the
40.15 county. If a child attends part of an authorized day, payment to the provider must be for the
40.16 full amount of care authorized for that day.

40.17 (d) Child care providers must be reimbursed for up to ten federal or state holidays or
40.18 designated holidays per year when the provider charges all families for these days and the
40.19 holiday or designated holiday falls on a day when the child is authorized to be in attendance.
40.20 Parents may substitute other cultural or religious holidays for the ten recognized state and
40.21 federal holidays. Holidays do not count toward the absent days limit.

40.22 (e) A family or child care provider must not be assessed an overpayment for an absent
40.23 day payment unless (1) there was an error in the amount of care authorized for the family,
40.24 (2) all of the allowed full-day absent payments for the child have been paid, or (3) the family
40.25 or provider did not timely report a change as required under law.

40.26 (f) The provider and family shall receive notification of the number of absent days used
40.27 upon initial provider authorization for a family and ongoing notification of the number of
40.28 absent days used as of the date of the notification.

40.29 (g) For purposes of this subdivision, "absent days limit" means 25 full-day absent days
40.30 per child, excluding holidays, in a ~~fiscal~~ calendar year; and ten consecutive full-day absent
40.31 days.

40.32 (h) For purposes of this subdivision, "holidays limit" means ten full-day holidays per
40.33 child, excluding absent days, in a calendar year.

41.1 (i) If a day meets the criteria of an absent day or a holiday under this subdivision, the
 41.2 provider must bill that day as an absent day or holiday. A provider's failure to properly bill
 41.3 an absent day or a holiday results in an overpayment, regardless of whether the child reached,
 41.4 or is exempt from, the absent days limit or holidays limit for the calendar year.

41.5 **EFFECTIVE DATE.** This section is effective July 1, 2019.

41.6 Sec. 8. Minnesota Statutes 2018, section 245.095, is amended to read:

41.7 **245.095 LIMITS ON RECEIVING PUBLIC FUNDS.**

41.8 Subdivision 1. **Prohibition.** (a) If a provider, vendor, or individual enrolled, licensed,
 41.9 or receiving funds under a grant contract, or registered in any program administered by the
 41.10 commissioner, including under the commissioner's powers and authorities in section 256.01,
 41.11 is excluded from any that program administered by the commissioner, including under the
 41.12 commissioner's powers and authorities in section 256.01, the commissioner shall:

41.13 (1) prohibit the excluded provider, vendor, or individual from enrolling or becoming
 41.14 licensed, receiving grant funds, or registering in any other program administered by the
 41.15 commissioner; and

41.16 (2) disenroll, revoke or suspend a license, disqualify, or debar the excluded provider,
 41.17 vendor, or individual in any other program administered by the commissioner.

41.18 (b) The duration of this prohibition, disenrollment, revocation, suspension,
 41.19 disqualification, or debarment must last for the longest applicable sanction or disqualifying
 41.20 period in effect for the provider, vendor, or individual permitted by state or federal law.

41.21 Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions have the
 41.22 meanings given them.

41.23 (b) "Excluded" means ~~disenrolled, subject to license revocation or suspension,~~
 41.24 ~~disqualified, or subject to vendor debarment~~ disqualified, having a license that has been
 41.25 revoked or suspended under chapter 245A, or debarred or suspended under Minnesota Rules,
 41.26 part 1230.1150, or excluded pursuant to section 256B.064, subdivision 3.

41.27 (c) "Individual" means a natural person providing products or services as a provider or
 41.28 vendor.

41.29 (d) "Provider" ~~means~~ includes any entity or individual receiving payment from a program
 41.30 administered by the Department of Human Services, and an owner, controlling individual,
 41.31 license holder, director, or managerial official of an entity receiving payment from a program
 41.32 administered by the Department of Human Services.

42.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

42.2 Sec. 9. Minnesota Statutes 2018, section 245A.02, subdivision 3, is amended to read:

42.3 Subd. 3. **Applicant.** "Applicant" means an individual, ~~corporation, partnership, voluntary~~
42.4 ~~association, controlling individual, or other~~ organization, or government entity, as defined
42.5 in section 13.02, subdivision 7a, that has applied for licensure under this chapter and the
42.6 rules of the commissioner is subject to licensure under this chapter and that has applied for
42.7 but not yet been granted a license under this chapter.

42.8 **EFFECTIVE DATE.** This section is effective January 1, 2020.

42.9 Sec. 10. Minnesota Statutes 2018, section 245A.02, is amended by adding a subdivision
42.10 to read:

42.11 Subd. 3b. **Authorized agent.** "Authorized agent" means the controlling individual
42.12 designated by the license holder responsible for communicating with the commissioner of
42.13 human services on all matters related to this chapter and on whom service of all notices and
42.14 orders must be made pursuant to section 245A.04, subdivision 1.

42.15 **EFFECTIVE DATE.** This section is effective January 1, 2020.

42.16 Sec. 11. Minnesota Statutes 2018, section 245A.02, subdivision 8, is amended to read:

42.17 Subd. 8. **License.** "License" means a certificate issued by the commissioner under section
42.18 245A.04 authorizing the license holder to provide a specified program for a specified period
42.19 of time and in accordance with the terms of the license and the rules of the commissioner.

42.20 **EFFECTIVE DATE.** This section is effective January 1, 2020.

42.21 Sec. 12. Minnesota Statutes 2018, section 245A.02, subdivision 9, is amended to read:

42.22 Subd. 9. **License holder.** "License holder" means an individual, ~~corporation, partnership,~~
42.23 ~~voluntary association, or other~~ organization, or government entity that is legally responsible
42.24 for the operation of the program or service, and has been granted a license by the
42.25 commissioner under this chapter ~~or chapter 245D~~ and the rules of the commissioner, ~~and~~
42.26 ~~is a controlling individual.~~

42.27 **EFFECTIVE DATE.** This section is effective January 1, 2020.

43.1 Sec. 13. Minnesota Statutes 2018, section 245A.02, is amended by adding a subdivision
43.2 to read:

43.3 Subd. 10c. **Organization.** "Organization" means a domestic or foreign corporation,
43.4 nonprofit corporation, limited liability company, partnership, limited partnership, limited
43.5 liability partnership, association, voluntary association, and any other legal or commercial
43.6 entity. For purposes of this chapter, organization does not include a government entity.

43.7 **EFFECTIVE DATE.** This section is effective January 1, 2020.

43.8 Sec. 14. Minnesota Statutes 2018, section 245A.02, subdivision 12, is amended to read:

43.9 Subd. 12. **Private agency.** "Private agency" means an ~~individual, corporation, partnership,~~
43.10 ~~voluntary association or other~~ organization, other than a county agency, or a court with
43.11 jurisdiction, that places persons who cannot remain in their own homes in residential
43.12 programs, foster care, or adoptive homes.

43.13 **EFFECTIVE DATE.** This section is effective January 1, 2020.

43.14 Sec. 15. Minnesota Statutes 2018, section 245A.02, subdivision 14, is amended to read:

43.15 Subd. 14. **Residential program.** (a) Except as provided in paragraph (b), "residential
43.16 program" means a program that provides 24-hour-a-day care, supervision, food, lodging,
43.17 rehabilitation, training, education, habilitation, or treatment outside a person's own home,
43.18 including a program in an intermediate care facility for four or more persons with
43.19 developmental disabilities; and chemical dependency or chemical abuse programs that are
43.20 located in a hospital or nursing home and receive public funds for providing chemical abuse
43.21 or chemical dependency treatment services under chapter 254B. ~~Residential programs~~
43.22 ~~include home and community-based services for persons with disabilities or persons age~~
43.23 ~~65 and older that are provided in or outside of a person's own home under chapter 245D.~~

43.24 (b) For a residential program under chapter 245D, "residential program" means a single
43.25 or multifamily dwelling that is under the control, either directly or indirectly, of the service
43.26 provider licensed under chapter 245D and in which at least one person receives services
43.27 under chapter 245D, including residential supports and services under section 245D.03,
43.28 subdivision 1, paragraph (c), clause (3); out-of-home crisis respite services under section
43.29 245D.03, subdivision 1, paragraph (c), clause (1), item (ii); and out-of-home respite services
43.30 under section 245D.03, subdivision 1, paragraph (b), clause (1). A residential program does
43.31 not include out-of-home respite services when a case manager has determined that an
43.32 unlicensed site meets the assessed needs of the person. A residential program also does not

44.1 include multifamily dwellings where persons receive integrated community supports, even
44.2 if authorization to provide these supports is granted under chapter 245D and approved in
44.3 the federal waiver.

44.4 Sec. 16. Minnesota Statutes 2018, section 245A.03, subdivision 1, is amended to read:

44.5 Subdivision 1. **License required.** Unless licensed by the commissioner under this chapter,
44.6 an individual, ~~corporation, partnership, voluntary association, other~~ organization, or
44.7 ~~controlling individual~~ government entity must not:

44.8 (1) operate a residential or a nonresidential program;

44.9 (2) receive a child or adult for care, supervision, or placement in foster care or adoption;

44.10 (3) help plan the placement of a child or adult in foster care or adoption or engage in
44.11 placement activities as defined in section 259.21, subdivision 9, in this state, whether or not
44.12 the adoption occurs in this state; or

44.13 (4) advertise a residential or nonresidential program.

44.14 **EFFECTIVE DATE.** This section is effective January 1, 2020.

44.15 Sec. 17. Minnesota Statutes 2018, section 245A.03, subdivision 3, is amended to read:

44.16 Subd. 3. **Unlicensed programs.** (a) It is a misdemeanor for an individual, ~~corporation,~~
44.17 ~~partnership, voluntary association, other~~ organization, or a ~~controlling individual~~ government
44.18 entity to provide a residential or nonresidential program without a license issued under this
44.19 chapter and in willful disregard of this chapter unless the program is excluded from licensure
44.20 under subdivision 2.

44.21 (b) The commissioner may ask the appropriate county attorney or the attorney general
44.22 to begin proceedings to secure a court order against the continued operation of the program,
44.23 if an individual, ~~corporation, partnership, voluntary association, other~~ organization, or
44.24 ~~controlling individual~~ government entity has:

44.25 (1) failed to apply for a license under this chapter after receiving notice that a license is
44.26 required or continues to operate without a license after receiving notice that a license is
44.27 required;

44.28 (2) continued to operate without a license after ~~the~~ a license issued under this chapter
44.29 has been revoked or suspended under ~~section 245A.07~~ this chapter, and the commissioner
44.30 has issued a final order affirming the revocation or suspension, or the license holder did not
44.31 timely appeal the sanction; or

45.1 (3) continued to operate without a license after ~~the~~ a temporary immediate suspension
45.2 of a license has been temporarily suspended under section 245A.07 issued under this chapter.

45.3 (c) The county attorney and the attorney general have a duty to cooperate with the
45.4 commissioner.

45.5 **EFFECTIVE DATE.** This section is effective January 1, 2020.

45.6 Sec. 18. Minnesota Statutes 2018, section 245A.04, subdivision 1, is amended to read:

45.7 Subdivision 1. **Application for licensure.** (a) An individual, ~~corporation, partnership,~~
45.8 ~~voluntary association, other organization or controlling individual,~~ or government entity
45.9 that is subject to licensure under section 245A.03 must apply for a license. The application
45.10 must be made on the forms and in the manner prescribed by the commissioner. The
45.11 commissioner shall provide the applicant with instruction in completing the application and
45.12 provide information about the rules and requirements of other state agencies that affect the
45.13 applicant. An applicant seeking licensure in Minnesota with headquarters outside of
45.14 Minnesota must have a program office located within 30 miles of the Minnesota state border.
45.15 An applicant who intends to buy or otherwise acquire a program or services licensed under
45.16 this chapter that is owned by another license holder must apply for a license under this
45.17 chapter and comply with the application procedures in this section and section 245A.03.

45.18 The commissioner shall act on the application within 90 working days after a complete
45.19 application and any required reports have been received from other state agencies or
45.20 departments, counties, municipalities, or other political subdivisions. The commissioner
45.21 shall not consider an application to be complete until the commissioner receives all of the
45.22 ~~information~~ required ~~under section 245C.05~~ information.

45.23 When the commissioner receives an application for initial licensure that is incomplete
45.24 because the applicant failed to submit required documents or that is substantially deficient
45.25 because the documents submitted do not meet licensing requirements, the commissioner
45.26 shall provide the applicant written notice that the application is incomplete or substantially
45.27 deficient. In the written notice to the applicant the commissioner shall identify documents
45.28 that are missing or deficient and give the applicant 45 days to resubmit a second application
45.29 that is substantially complete. An applicant's failure to submit a substantially complete
45.30 application after receiving notice from the commissioner is a basis for license denial under
45.31 section 245A.05.

45.32 (b) An application for licensure must identify all controlling individuals as defined in
45.33 section 245A.02, subdivision 5a, and must ~~specify an~~ designate one individual to be the

46.1 ~~authorized agent who is responsible for dealing with the commissioner of human services~~
46.2 ~~on all matters provided for in this chapter and on whom service of all notices and orders~~
46.3 ~~must be made.~~ The application must be signed by the authorized agent and must include
46.4 the authorized agent's first, middle, and last name; mailing address; and e-mail address. By
46.5 submitting an application for licensure, the authorized agent consents to electronic
46.6 communication with the commissioner throughout the application process. The authorized
46.7 agent must be authorized to accept service on behalf of all of the controlling individuals of
46.8 the program. A government entity that holds multiple licenses under this chapter may
46.9 designate one authorized agent for all licenses issued under this chapter or may designate
46.10 a different authorized agent for each license. Service on the authorized agent is service on
46.11 all of the controlling individuals ~~of the program~~. It is not a defense to any action arising
46.12 under this chapter that service was not made on each controlling individual ~~of the program~~.
46.13 The designation of ~~one or more~~ a controlling individuals individual as ~~agents~~ the authorized
46.14 agent under this paragraph does not affect the legal responsibility of any other controlling
46.15 individual under this chapter.

46.16 (c) An applicant or license holder must have a policy that prohibits license holders,
46.17 employees, subcontractors, and volunteers, when directly responsible for persons served
46.18 by the program, from abusing prescription medication or being in any manner under the
46.19 influence of a chemical that impairs the individual's ability to provide services or care. The
46.20 license holder must train employees, subcontractors, and volunteers about the program's
46.21 drug and alcohol policy.

46.22 (d) An applicant and license holder must have a program grievance procedure that permits
46.23 persons served by the program and their authorized representatives to bring a grievance to
46.24 the highest level of authority in the program.

46.25 (e) ~~The applicant must be able to demonstrate competent knowledge of the applicable~~
46.26 ~~requirements of this chapter and chapter 245C, and the requirements of other licensing~~
46.27 ~~statutes and rules applicable to the program or services for which the applicant is seeking~~
46.28 ~~to be licensed. Effective January 1, 2013,~~ The commissioner may limit communication
46.29 during the application process to the authorized agent or the controlling individuals identified
46.30 on the license application and for whom a background study was initiated under chapter
46.31 245C. The commissioner may require the applicant, except for child foster care, to
46.32 demonstrate competence in the applicable licensing requirements by successfully completing
46.33 a written examination. The commissioner may develop a prescribed written examination
46.34 format.

46.35 (f) When an applicant is an individual, the ~~individual~~ applicant must provide:

47.1 (1) the applicant's taxpayer identification numbers including the Social Security number
 47.2 or Minnesota tax identification number, and federal employer identification number if the
 47.3 applicant has employees;

47.4 (2) at the request of the commissioner, a copy of the most recent filing with the secretary
 47.5 of state that includes the complete business name, if any; ~~and;~~

47.6 (3) if doing business under a different name, the doing business as (DBA) name, as
 47.7 registered with the secretary of state; ~~and~~

47.8 ~~(3) a notarized signature of the applicant.~~ (4) if applicable, the applicant's National
 47.9 Provider Identifier (NPI) number and Unique Minnesota Provider Identifier (UMPI) number;
 47.10 and

47.11 (5) at the request of the commissioner, the notarized signature of the applicant or
 47.12 authorized agent.

47.13 (g) When an applicant is ~~a non-individual~~ an organization, the applicant must provide
 47.14 ~~the:~~

47.15 (1) the applicant's taxpayer identification numbers including the Minnesota tax
 47.16 identification number and federal employer identification number;

47.17 (2) at the request of the commissioner, a copy of the most recent filing with the secretary
 47.18 of state that includes the complete business name, and if doing business under a different
 47.19 name, the doing business as (DBA) name, as registered with the secretary of state;

47.20 (3) the first, middle, and last name, and address for all individuals who will be controlling
 47.21 individuals, including all officers, owners, and managerial officials as defined in section
 47.22 245A.02, subdivision 5a, and the date that the background study was initiated by the applicant
 47.23 for each controlling individual; ~~and~~

47.24 ~~(4) first, middle, and last name, mailing address, and notarized signature of the agent~~
 47.25 ~~authorized by the applicant to accept service on behalf of the controlling individuals.~~

47.26 (4) if applicable, the applicant's National Provider Identifier (NPI) number and Unique
 47.27 Minnesota Provider Identifier (UMPI) number;

47.28 (5) the documents that created the organization and that determine the organization's
 47.29 internal governance and the relations among the persons that own the organization, have
 47.30 an interest in the organization, or are members of the organization, in each case as provided
 47.31 or authorized by the organization's governing statute, which may include a partnership

48.1 agreement, bylaws, articles of organization, organizational chart, and operating agreement,
48.2 or comparable documents as provided in the organization's governing statute; and

48.3 (6) the notarized signature of the applicant or authorized agent.

48.4 (h) When the applicant is a government entity, the applicant must provide:

48.5 (1) the name of the government agency, political subdivision, or other unit of government
48.6 seeking the license and the name of the program or services that will be licensed;

48.7 (2) the applicant's taxpayer identification numbers including the Minnesota tax
48.8 identification number and federal employer identification number;

48.9 (3) a letter signed by the manager, administrator, or other executive of the government
48.10 entity authorizing the submission of the license application; and

48.11 (4) if applicable, the applicant's National Provider Identifier (NPI) number and Unique
48.12 Minnesota Provider Identifier (UMPI) number.

48.13 ~~(h)~~ (i) At the time of application for licensure or renewal of a license under this chapter,
48.14 the applicant or license holder must acknowledge on the form provided by the commissioner
48.15 if the applicant or license holder elects to receive any public funding reimbursement from
48.16 the commissioner for services provided under the license that:

48.17 (1) the applicant's or license holder's compliance with the provider enrollment agreement
48.18 or registration requirements for receipt of public funding may be monitored by the
48.19 commissioner as part of a licensing investigation or licensing inspection; and

48.20 (2) noncompliance with the provider enrollment agreement or registration requirements
48.21 for receipt of public funding that is identified through a licensing investigation or licensing
48.22 inspection, or noncompliance with a licensing requirement that is a basis of enrollment for
48.23 reimbursement for a service, may result in:

48.24 (i) a correction order or a conditional license under section 245A.06, or sanctions under
48.25 section 245A.07;

48.26 (ii) nonpayment of claims submitted by the license holder for public program
48.27 reimbursement;

48.28 (iii) recovery of payments made for the service;

48.29 (iv) disenrollment in the public payment program; or

48.30 (v) other administrative, civil, or criminal penalties as provided by law.

48.31 **EFFECTIVE DATE.** This section is effective January 1, 2020.

49.1 Sec. 19. Minnesota Statutes 2018, section 245A.04, subdivision 2, is amended to read:

49.2 Subd. 2. **Notification of affected municipality.** The commissioner must not issue a
49.3 license under this chapter without giving 30 calendar days' written notice to the affected
49.4 municipality or other political subdivision unless the program is considered a permitted
49.5 single-family residential use under sections 245A.11 and 245A.14. The commissioner may
49.6 provide notice through electronic communication. The notification must be given before
49.7 the first issuance of a license under this chapter and annually after that time if annual
49.8 notification is requested in writing by the affected municipality or other political subdivision.
49.9 State funds must not be made available to or be spent by an agency or department of state,
49.10 county, or municipal government for payment to a residential or nonresidential program
49.11 licensed under this chapter until the provisions of this subdivision have been complied with
49.12 in full. The provisions of this subdivision shall not apply to programs located in hospitals.

49.13 **EFFECTIVE DATE.** This section is effective January 1, 2020.

49.14 Sec. 20. Minnesota Statutes 2018, section 245A.04, subdivision 4, is amended to read:

49.15 Subd. 4. **Inspections; waiver.** (a) Before issuing ~~an initial~~ a license under this chapter,
49.16 the commissioner shall conduct an inspection of the program. The inspection must include
49.17 but is not limited to:

49.18 (1) an inspection of the physical plant;

49.19 (2) an inspection of records and documents;

49.20 (3) ~~an evaluation of the program by consumers of the program;~~

49.21 ~~(4)~~ observation of the program in operation; and

49.22 ~~(5)~~ (4) an inspection for the health, safety, and fire standards in licensing requirements
49.23 for a child care license holder.

49.24 ~~For the purposes of this subdivision, "consumer" means a person who receives the~~
49.25 ~~services of a licensed program, the person's legal guardian, or the parent or individual having~~
49.26 ~~legal custody of a child who receives the services of a licensed program.~~

49.27 (b) The ~~evaluation required in paragraph (a), clause (3), or the observation in paragraph~~
49.28 (a), clause ~~(4)~~ (3), is not required prior to issuing ~~an initial~~ a license under subdivision 7. If
49.29 the commissioner issues ~~an initial~~ a license under ~~subdivision 7~~ this chapter, these
49.30 requirements must be completed within one year after the issuance of ~~an initial~~ the license.

49.31 (c) Before completing a licensing inspection in a family child care program or child care
49.32 center, the licensing agency must offer the license holder an exit interview to discuss

50.1 violations of law or rule observed during the inspection and offer technical assistance on
 50.2 how to comply with applicable laws and rules. Nothing in this paragraph limits the ability
 50.3 of the commissioner to issue a correction order or negative action for violations of law or
 50.4 rule not discussed in an exit interview or in the event that a license holder chooses not to
 50.5 participate in an exit interview.

50.6 (d) The commissioner or the county shall inspect at least annually a child care provider
 50.7 licensed under this chapter and Minnesota Rules, chapter 9502 or 9503, for compliance
 50.8 with applicable licensing standards.

50.9 (e) No later than November 19, 2017, the commissioner shall make publicly available
 50.10 on the department's website the results of inspection reports of all child care providers
 50.11 licensed under this chapter and under Minnesota Rules, chapter 9502 or 9503, and the
 50.12 number of deaths, serious injuries, and instances of substantiated child maltreatment that
 50.13 occurred in licensed child care settings each year.

50.14 **EFFECTIVE DATE.** This section is effective January 1, 2020.

50.15 Sec. 21. Minnesota Statutes 2018, section 245A.04, subdivision 6, is amended to read:

50.16 Subd. 6. **Commissioner's evaluation.** (a) Before issuing, denying, suspending, revoking,
 50.17 or making conditional a license, the commissioner shall evaluate information gathered under
 50.18 this section. The commissioner's evaluation shall consider the applicable requirements of
 50.19 statutes and rules for the program or services for which the applicant seeks a license,
 50.20 including the disqualification standards set forth in chapter 245C, and shall evaluate facts,
 50.21 conditions, or circumstances concerning:

50.22 (1) the program's operation;

50.23 (2) the well-being of persons served by the program;

50.24 (3) available consumer evaluations of the program, and by persons receiving services;

50.25 (4) information about the qualifications of the personnel employed by the applicant or
 50.26 license holder; and

50.27 (5) the applicant's or license holder's ability to demonstrate competent knowledge of the
 50.28 applicable requirements of statutes and rules including this chapter and chapter 245C for
 50.29 which the applicant seeks a license or the license holder is licensed.

50.30 (b) The commissioner shall also evaluate the results of the study required in subdivision
 50.31 3 and determine whether a risk of harm to the persons served by the program exists. In

51.1 conducting this evaluation, the commissioner shall apply the disqualification standards set
51.2 forth in chapter 245C.

51.3 **EFFECTIVE DATE.** This section is effective January 1, 2020.

51.4 Sec. 22. Minnesota Statutes 2018, section 245A.04, subdivision 7, is amended to read:

51.5 Subd. 7. **Grant of license; license extension.** (a) If the commissioner determines that
51.6 the program complies with all applicable rules and laws, the commissioner shall issue a
51.7 license consistent with this section or, if applicable, a temporary change of ownership license
51.8 under section 245A.043. At minimum, the license shall state:

51.9 (1) the name of the license holder;

51.10 (2) the address of the program;

51.11 (3) the effective date and expiration date of the license;

51.12 (4) the type of license;

51.13 (5) the maximum number and ages of persons that may receive services from the program;

51.14 and

51.15 (6) any special conditions of licensure.

51.16 (b) The commissioner may issue ~~an initial~~ a license for a period not to exceed two years
51.17 if:

51.18 (1) the commissioner is unable to conduct the evaluation or observation required by
51.19 subdivision 4, paragraph (a), ~~clauses (3) and~~ clause (4), because the program is not yet
51.20 operational;

51.21 (2) certain records and documents are not available because persons are not yet receiving
51.22 services from the program; and

51.23 (3) the applicant complies with applicable laws and rules in all other respects.

51.24 (c) A decision by the commissioner to issue a license does not guarantee that any person
51.25 or persons will be placed or cared for in the licensed program. ~~A license shall not be~~
51.26 ~~transferable to another individual, corporation, partnership, voluntary association, other~~
51.27 ~~organization, or controlling individual or to another location.~~

51.28 ~~(d) A license holder must notify the commissioner and obtain the commissioner's approval~~
51.29 ~~before making any changes that would alter the license information listed under paragraph~~
51.30 ~~(a).~~

52.1 ~~(e)~~ (d) Except as provided in paragraphs ~~(g)~~ (f) and ~~(h)~~ (g), the commissioner shall not
 52.2 issue or reissue a license if the applicant, license holder, or controlling individual has:

52.3 (1) been disqualified and the disqualification was not set aside and no variance has been
 52.4 granted;

52.5 (2) been denied a license under this chapter, within the past two years;

52.6 (3) had a license issued under this chapter revoked within the past five years;

52.7 (4) an outstanding debt related to a license fee, licensing fine, or settlement agreement
 52.8 for which payment is delinquent; or

52.9 (5) failed to submit the information required of an applicant under subdivision 1,
 52.10 paragraph (f) or (g), after being requested by the commissioner.

52.11 When a license issued under this chapter is revoked under clause (1) or (3), the license
 52.12 holder and controlling individual may not hold any license under chapter 245A ~~or 245D~~ for
 52.13 five years following the revocation, and other licenses held by the applicant, license holder,
 52.14 or controlling individual shall also be revoked.

52.15 ~~(f)~~ (e) The commissioner shall not issue or reissue a license under this chapter if an
 52.16 individual living in the household where the ~~licensed~~ services will be provided as specified
 52.17 under section 245C.03, subdivision 1, has been disqualified and the disqualification has not
 52.18 been set aside and no variance has been granted.

52.19 ~~(g)~~ (f) Pursuant to section 245A.07, subdivision 1, paragraph (b), when a license issued
 52.20 under this chapter has been suspended or revoked and the suspension or revocation is under
 52.21 appeal, the program may continue to operate pending a final order from the commissioner.
 52.22 If the license under suspension or revocation will expire before a final order is issued, a
 52.23 temporary provisional license may be issued provided any applicable license fee is paid
 52.24 before the temporary provisional license is issued.

52.25 ~~(h)~~ (g) Notwithstanding paragraph ~~(g)~~ (f), when a revocation is based on the
 52.26 disqualification of a controlling individual or license holder, and the controlling individual
 52.27 or license holder is ordered under section 245C.17 to be immediately removed from direct
 52.28 contact with persons receiving services or is ordered to be under continuous, direct
 52.29 supervision when providing direct contact services, the program may continue to operate
 52.30 only if the program complies with the order and submits documentation demonstrating
 52.31 compliance with the order. If the disqualified individual fails to submit a timely request for
 52.32 reconsideration, or if the disqualification is not set aside and no variance is granted, the
 52.33 order to immediately remove the individual from direct contact or to be under continuous,

53.1 direct supervision remains in effect pending the outcome of a hearing and final order from
53.2 the commissioner.

53.3 ~~(h)~~ (h) For purposes of reimbursement for meals only, under the Child and Adult Care
53.4 Food Program, Code of Federal Regulations, title 7, subtitle B, chapter II, subchapter A,
53.5 part 226, relocation within the same county by a licensed family day care provider, shall
53.6 be considered an extension of the license for a period of no more than 30 calendar days or
53.7 until the new license is issued, whichever occurs first, provided the county agency has
53.8 determined the family day care provider meets licensure requirements at the new location.

53.9 ~~(i)~~ (i) Unless otherwise specified by statute, all licenses issued under this chapter expire
53.10 at 12:01 a.m. on the day after the expiration date stated on the license. A license holder must
53.11 apply for and be granted a new license to operate the program or the program must not be
53.12 operated after the expiration date.

53.13 ~~(j)~~ (j) The commissioner shall not issue or reissue a license under this chapter if it has
53.14 been determined that a tribal licensing authority has established jurisdiction to license the
53.15 program or service.

53.16 **EFFECTIVE DATE.** This section is effective January 1, 2020.

53.17 Sec. 23. Minnesota Statutes 2018, section 245A.04, is amended by adding a subdivision
53.18 to read:

53.19 Subd. 7a. **Notification required.** (a) A license holder must notify the commissioner, in
53.20 a manner prescribed by the commissioner, and obtain the commissioner's approval before
53.21 making any change that would alter the license information listed under subdivision 7,
53.22 paragraph (a).

53.23 (b) A license holder must also notify the commissioner, in a manner prescribed by the
53.24 commissioner, before making any change:

53.25 (1) to the license holder's authorized agent as defined in section 245A.02, subdivision
53.26 3b;

53.27 (2) to the license holder's controlling individual as defined in section 245A.02, subdivision
53.28 5a;

53.29 (3) to the license holder information on file with the secretary of state;

53.30 (4) in the location of the program or service licensed under this chapter; and

53.31 (5) in the federal or state tax identification number associated with the license holder.

54.1 (c) When, for reasons beyond the license holder's control, a license holder cannot provide
 54.2 the commissioner with prior notice of the changes in paragraph (b), clauses (1) to (3), the
 54.3 license holder must notify the commissioner by the tenth business day after the change and
 54.4 must provide any additional information requested by the commissioner.

54.5 (d) When a license holder notifies the commissioner of a change to the license holder
 54.6 information on file with the secretary of state, the license holder must provide amended
 54.7 articles of incorporation and other documentation of the change.

54.8 **EFFECTIVE DATE.** This section is effective January 1, 2020.

54.9 Sec. 24. Minnesota Statutes 2018, section 245A.04, subdivision 10, is amended to read:

54.10 Subd. 10. **Adoption agency; additional requirements.** In addition to the other
 54.11 requirements of this section, an individual, ~~corporation, partnership, voluntary association,~~
 54.12 ~~other~~ or organization, or controlling individual applying for a license to place children for
 54.13 adoption must:

54.14 (1) incorporate as a nonprofit corporation under chapter 317A;

54.15 (2) file with the application for licensure a copy of the disclosure form required under
 54.16 section 259.37, subdivision 2;

54.17 (3) provide evidence that a bond has been obtained and will be continuously maintained
 54.18 throughout the entire operating period of the agency, to cover the cost of transfer of records
 54.19 to and storage of records by the agency which has agreed, according to rule established by
 54.20 the commissioner, to receive the applicant agency's records if the applicant agency voluntarily
 54.21 or involuntarily ceases operation and fails to provide for proper transfer of the records. The
 54.22 bond must be made in favor of the agency which has agreed to receive the records; and

54.23 (4) submit a certified audit to the commissioner each year the license is renewed as
 54.24 required under section 245A.03, subdivision 1.

54.25 **EFFECTIVE DATE.** This section is effective January 1, 2020.

54.26 Sec. 25. **[245A.043] LICENSE APPLICATION AFTER A CHANGE OF**
 54.27 **OWNERSHIP.**

54.28 Subdivision 1. **Transfer prohibited.** A license issued under this chapter is only valid
 54.29 for a premises and individual, organization, or government entity identified by the
 54.30 commissioner on the license. A license is not transferable or assignable.

55.1 Subd. 2. **Change in ownership.** (a) If the commissioner determines that there is a change
55.2 in ownership, the commissioner shall require submission of a new license application. This
55.3 subdivision does not apply to a licensed program or service located in a home where the
55.4 license holder resides. A change in ownership occurs when:

55.5 (1) the license holder sells or transfers 100 percent of the property, stock, or assets;

55.6 (2) the license holder merges with another organization;

55.7 (3) the license holder consolidates with two or more organizations, resulting in the
55.8 creation of a new organization;

55.9 (4) there is a change in the federal tax identification number associated with the license
55.10 holder; or

55.11 (5) all controlling individuals associated with the original application have changed.

55.12 (b) Notwithstanding paragraph (a), clauses (1) and (5), no change in ownership has
55.13 occurred if at least one controlling individual has been listed as a controlling individual for
55.14 the license for at least the previous 12 months.

55.15 Subd. 3. **Change of ownership process.** (a) When a change in ownership is proposed
55.16 and the party intends to assume operation without an interruption in service longer than 60
55.17 days after acquiring the program or service, the license holder must provide the commissioner
55.18 with written notice of the proposed change on a form provided by the commissioner at least
55.19 60 days before the anticipated date of the change in ownership. For purposes of this
55.20 subdivision and subdivision 4, "party" means the party that intends to operate the service
55.21 or program.

55.22 (b) The party must submit a license application under this chapter on the form and in
55.23 the manner prescribed by the commissioner at least 30 days before the change in ownership
55.24 is complete, and must include documentation to support the upcoming change. The party
55.25 must comply with background study requirements under chapter 245C and shall pay the
55.26 application fee required under section 245A.10. A party that intends to assume operation
55.27 without an interruption in service longer than 60 days after acquiring the program or service
55.28 is exempt from the requirements of Minnesota Rules, part 9530.6800.

55.29 (c) The commissioner may streamline application procedures when the party is an existing
55.30 license holder under this chapter and is acquiring a program licensed under this chapter or
55.31 service in the same service class as one or more licensed programs or services the party
55.32 operates and those licenses are in substantial compliance. For purposes of this subdivision,
55.33 "substantial compliance" means within the previous 12 months the commissioner did not

56.1 (1) issue a sanction under section 245A.07 against a license held by the party, or (2) make
56.2 a license held by the party conditional according to section 245A.06.

56.3 (d) Except when a temporary change in ownership license is issued pursuant to
56.4 subdivision 4, the existing license holder is solely responsible for operating the program
56.5 according to applicable laws and rules until a license under this chapter is issued to the
56.6 party.

56.7 (e) If a licensing inspection of the program or service was conducted within the previous
56.8 12 months and the existing license holder's record demonstrates substantial compliance with
56.9 the applicable licensing requirements, the commissioner may waive the party's inspection
56.10 required by section 245A.04, subdivision 4. The party must submit to the commissioner (1)
56.11 proof that the premises was inspected by a fire marshal or that the fire marshal deemed an
56.12 inspection was not warranted, and (2) proof that the premises was inspected for compliance
56.13 with the building code or no inspection was deemed warranted.

56.14 (f) If the party is seeking a license for a program or service that has an outstanding action
56.15 under section 245A.06 or 245A.07, the party must submit a letter as part of the application
56.16 process identifying how the party has or will come into full compliance with the licensing
56.17 requirements.

56.18 (g) The commissioner shall evaluate the party's application according to section 245A.04,
56.19 subdivision 6. If the commissioner determines that the party has remedied or demonstrates
56.20 the ability to remedy the outstanding actions under section 245A.06 or 245A.07 and has
56.21 determined that the program otherwise complies with all applicable laws and rules, the
56.22 commissioner shall issue a license or conditional license under this chapter. The conditional
56.23 license remains in effect until the commissioner determines that the grounds for the action
56.24 are corrected or no longer exist.

56.25 (h) The commissioner may deny an application as provided in section 245A.05. An
56.26 applicant whose application was denied by the commissioner may appeal the denial according
56.27 to section 245A.05.

56.28 (i) This subdivision does not apply to a licensed program or service located in a home
56.29 where the license holder resides.

56.30 Subd. 4. **Temporary change in ownership license.** (a) After receiving the party's
56.31 application pursuant to subdivision 3, upon the written request of the existing license holder
56.32 and the party, the commissioner may issue a temporary change in ownership license to the
56.33 party while the commissioner evaluates the party's application. Until a decision is made to
56.34 grant or deny a license under this chapter, the existing license holder and the party shall

57.1 both be responsible for operating the program or service according to applicable laws and
57.2 rules, and the sale or transfer of the existing license holder's ownership interest in the licensed
57.3 program or service does not terminate the existing license.

57.4 (b) The commissioner may issue a temporary change in ownership license when a license
57.5 holder's death, divorce, or other event affects the ownership of the program and an applicant
57.6 seeks to assume operation of the program or service to ensure continuity of the program or
57.7 service while a license application is evaluated.

57.8 (c) This subdivision applies to any program or service licensed under this chapter.

57.9 **EFFECTIVE DATE.** This section is effective January 1, 2020.

57.10 Sec. 26. Minnesota Statutes 2018, section 245A.05, is amended to read:

57.11 **245A.05 DENIAL OF APPLICATION.**

57.12 (a) The commissioner may deny a license if an applicant or controlling individual:

57.13 (1) fails to submit a substantially complete application after receiving notice from the
57.14 commissioner under section 245A.04, subdivision 1;

57.15 (2) fails to comply with applicable laws or rules;

57.16 (3) knowingly withholds relevant information from or gives false or misleading
57.17 information to the commissioner in connection with an application for a license or during
57.18 an investigation;

57.19 (4) has a disqualification that has not been set aside under section 245C.22 and no
57.20 variance has been granted;

57.21 (5) has an individual living in the household who received a background study under
57.22 section 245C.03, subdivision 1, paragraph (a), clause (2), who has a disqualification that
57.23 has not been set aside under section 245C.22, and no variance has been granted;

57.24 (6) is associated with an individual who received a background study under section
57.25 245C.03, subdivision 1, paragraph (a), clause (6), who may have unsupervised access to
57.26 children or vulnerable adults, and who has a disqualification that has not been set aside
57.27 under section 245C.22, and no variance has been granted; ~~or~~

57.28 (7) fails to comply with section 245A.04, subdivision 1, paragraph (f) or (g);₂

57.29 (8) fails to demonstrate competent knowledge as required by section 245A.04, subdivision
57.30 6;

58.1 (9) has a history of noncompliance as a license holder or controlling individual with
58.2 applicable laws or rules including but not limited to this chapter and chapters 119B and
58.3 245C; or

58.4 (10) is prohibited from holding a license according to section 245.095.

58.5 (b) An applicant whose application has been denied by the commissioner must be given
58.6 notice of the denial, which must state the reasons for the denial in plain language. Notice
58.7 must be given by certified mail or personal service. The notice must state the reasons the
58.8 application was denied and must inform the applicant of the right to a contested case hearing
58.9 under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The applicant may
58.10 appeal the denial by notifying the commissioner in writing by certified mail or personal
58.11 service. If mailed, the appeal must be postmarked and sent to the commissioner within 20
58.12 calendar days after the applicant received the notice of denial. If an appeal request is made
58.13 by personal service, it must be received by the commissioner within 20 calendar days after
58.14 the applicant received the notice of denial. Section 245A.08 applies to hearings held to
58.15 appeal the commissioner's denial of an application.

58.16 **EFFECTIVE DATE.** This section is effective January 1, 2020.

58.17 Sec. 27. **[245A.055] CLOSING A LICENSE.**

58.18 **Subdivision 1. Inactive programs.** The commissioner shall close a license if the
58.19 commissioner determines that a licensed program has not been serving any client for a
58.20 consecutive period of 12 months or longer. The license holder is not prohibited from
58.21 reapplying for a license if the license holder's license was closed under this chapter.

58.22 **Subd. 2. Reconsideration of closure.** If a license is closed, the commissioner must
58.23 notify the license holder of closure by certified mail or personal service. If mailed, the notice
58.24 of closure must be mailed to the last known address of the license holder and must inform
58.25 the license holder why the license was closed and that the license holder has the right to
58.26 request reconsideration of the closure. If the license holder believes that the license was
58.27 closed in error, the license holder may ask the commissioner to reconsider the closure. The
58.28 license holder's request for reconsideration must be made in writing and must include
58.29 documentation that the licensed program has served a client in the previous 12 months. The
58.30 request for reconsideration must be postmarked and sent to the commissioner within 20
58.31 calendar days after the license holder receives the notice of closure. A timely request for
58.32 reconsideration stays imposition of the license closure until the commissioner issues a
58.33 decision on the request for reconsideration.

59.1 Subd. 3. **Reconsideration final.** The commissioner's disposition of a request for
59.2 reconsideration is final and not subject to appeal under chapter 14.

59.3 **EFFECTIVE DATE.** This section is effective January 1, 2020.

59.4 Sec. 28. Minnesota Statutes 2018, section 245A.07, subdivision 1, is amended to read:

59.5 Subdivision 1. **Sanctions; appeals; license.** (a) In addition to making a license conditional
59.6 under section 245A.06, the commissioner may suspend or revoke the license, impose a fine,
59.7 or secure an injunction against the continuing operation of the program of a license holder
59.8 who does not comply with applicable law or rule. When applying sanctions authorized under
59.9 this section, the commissioner shall consider the nature, chronicity, or severity of the violation
59.10 of law or rule and the effect of the violation on the health, safety, or rights of persons served
59.11 by the program.

59.12 (b) If a license holder appeals the suspension or revocation of a license and the license
59.13 holder continues to operate the program pending a final order on the appeal, the commissioner
59.14 shall issue the license holder a temporary provisional license. Unless otherwise specified
59.15 by the commissioner, variances in effect on the date of the license sanction under appeal
59.16 continue under the temporary provisional license. If a license holder fails to comply with
59.17 applicable law or rule while operating under a temporary provisional license, the
59.18 commissioner may impose additional sanctions under this section and section 245A.06, and
59.19 may terminate any prior variance. If a temporary provisional license is set to expire, a new
59.20 temporary provisional license shall be issued to the license holder upon payment of any fee
59.21 required under section 245A.10. The temporary provisional license shall expire on the date
59.22 the final order is issued. If the license holder prevails on the appeal, a new nonprovisional
59.23 license shall be issued for the remainder of the current license period.

59.24 (c) If a license holder is under investigation and the license issued under this chapter is
59.25 due to expire before completion of the investigation, the program shall be issued a new
59.26 license upon completion of the reapplication requirements and payment of any applicable
59.27 license fee. Upon completion of the investigation, a licensing sanction may be imposed
59.28 against the new license under this section, section 245A.06, or 245A.08.

59.29 (d) Failure to reapply or closure of a license issued under this chapter by the license
59.30 holder prior to the completion of any investigation shall not preclude the commissioner
59.31 from issuing a licensing sanction under this section, or section 245A.06, ~~or 245A.08~~ at the
59.32 conclusion of the investigation.

59.33 **EFFECTIVE DATE.** This section is effective January 1, 2020.

60.1 Sec. 29. Minnesota Statutes 2018, section 245A.07, subdivision 2, is amended to read:

60.2 Subd. 2. **Temporary immediate suspension.** (a) The commissioner shall act immediately
60.3 to temporarily suspend a license issued under this chapter if:

60.4 (1) the license holder's actions or failure to comply with applicable law or rule, or the
60.5 actions of other individuals or conditions in the program, pose an imminent risk of harm to
60.6 the health, safety, or rights of persons served by the program; ~~or~~

60.7 (2) while the program continues to operate pending an appeal of an order of revocation,
60.8 the commissioner identifies one or more subsequent violations of law or rule which may
60.9 adversely affect the health or safety of persons served by the program; or

60.10 (3) the license holder is criminally charged in state or federal court with an offense that
60.11 involves fraud or theft against a program administered by the commissioner.

60.12 (b) No state funds shall be made available or be expended by any agency or department
60.13 of state, county, or municipal government for use by a license holder regulated under this
60.14 chapter while a license issued under this chapter is under immediate suspension. A notice
60.15 stating the reasons for the immediate suspension and informing the license holder of the
60.16 right to an expedited hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to
60.17 1400.8612, must be delivered by personal service to the address shown on the application
60.18 or the last known address of the license holder. The license holder may appeal an order
60.19 immediately suspending a license. The appeal of an order immediately suspending a license
60.20 must be made in writing by certified mail ~~or~~, personal service, or other means expressly set
60.21 forth in the commissioner's order. If mailed, the appeal must be postmarked and sent to the
60.22 commissioner within five calendar days after the license holder receives notice that the
60.23 license has been immediately suspended. If a request is made by personal service, it must
60.24 be received by the commissioner within five calendar days after the license holder received
60.25 the order. A license holder and any controlling individual shall discontinue operation of the
60.26 program upon receipt of the commissioner's order to immediately suspend the license.

60.27 **EFFECTIVE DATE.** This section is effective January 1, 2020.

60.28 Sec. 30. Minnesota Statutes 2018, section 245A.07, subdivision 2a, is amended to read:

60.29 Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of
60.30 receipt of the license holder's timely appeal, the commissioner shall request assignment of
60.31 an administrative law judge. The request must include a proposed date, time, and place of
60.32 a hearing. A hearing must be conducted by an administrative law judge within 30 calendar
60.33 days of the request for assignment, unless an extension is requested by either party and

61.1 granted by the administrative law judge for good cause. The commissioner shall issue a
61.2 notice of hearing by certified mail or personal service at least ten working days before the
61.3 hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary
61.4 immediate suspension should remain in effect pending the commissioner's final order under
61.5 section 245A.08, regarding a licensing sanction issued under subdivision 3 following the
61.6 immediate suspension. For suspensions under subdivision 2, paragraph (a), clause (1), the
61.7 burden of proof in expedited hearings under this subdivision shall be limited to the
61.8 commissioner's demonstration that reasonable cause exists to believe that the license holder's
61.9 actions or failure to comply with applicable law or rule poses, or the actions of other
61.10 individuals or conditions in the program poses an imminent risk of harm to the health, safety,
61.11 or rights of persons served by the program. "Reasonable cause" means there exist specific
61.12 articulable facts or circumstances which provide the commissioner with a reasonable
61.13 suspicion that there is an imminent risk of harm to the health, safety, or rights of persons
61.14 served by the program. When the commissioner has determined there is reasonable cause
61.15 to order the temporary immediate suspension of a license based on a violation of safe sleep
61.16 requirements, as defined in section 245A.1435, the commissioner is not required to
61.17 demonstrate that an infant died or was injured as a result of the safe sleep violations. For
61.18 suspensions under subdivision 2, paragraph (a), clause (2), the burden of proof in expedited
61.19 hearings under this subdivision shall be limited to the commissioner's demonstration by a
61.20 preponderance of evidence that, since the license was revoked, the license holder committed
61.21 additional violations of law or rule which may adversely affect the health or safety of persons
61.22 served by the program.

61.23 (b) The administrative law judge shall issue findings of fact, conclusions, and a
61.24 recommendation within ten working days from the date of hearing. The parties shall have
61.25 ten calendar days to submit exceptions to the administrative law judge's report. The record
61.26 shall close at the end of the ten-day period for submission of exceptions. The commissioner's
61.27 final order shall be issued within ten working days from the close of the record. When an
61.28 appeal of a temporary immediate suspension is withdrawn or dismissed, the commissioner
61.29 shall issue a final order affirming the temporary immediate suspension within ten calendar
61.30 days of the commissioner's receipt of the withdrawal or dismissal. Within 90 calendar days
61.31 after a final order affirming an immediate suspension, the commissioner shall make a
61.32 determination regarding whether a final licensing sanction shall be issued under subdivision
61.33 3. The license holder shall continue to be prohibited from operation of the program during
61.34 this 90-day period.

62.1 (c) When the final order under paragraph (b) affirms an immediate suspension, and a
 62.2 final licensing sanction is issued under subdivision 3 and the license holder appeals that
 62.3 sanction, the license holder continues to be prohibited from operation of the program pending
 62.4 a final commissioner's order under section 245A.08, subdivision 5, regarding the final
 62.5 licensing sanction.

62.6 (d) For suspensions under subdivision 2, paragraph (a), clause (3), the burden of proof
 62.7 in expedited hearings under this subdivision shall be limited to the commissioner's
 62.8 demonstration by a preponderance of evidence that a criminal complaint and warrant or
 62.9 summons was issued for the license holder that was not dismissed, and that the criminal
 62.10 charge is an offense that involves fraud or theft against a program administered by the
 62.11 commissioner.

62.12 Sec. 31. Minnesota Statutes 2018, section 245A.07, subdivision 3, is amended to read:

62.13 Subd. 3. **License suspension, revocation, or fine.** (a) The commissioner may suspend
 62.14 or revoke a license, or impose a fine if:

62.15 (1) a license holder fails to comply fully with applicable laws or rules including but not
 62.16 limited to the requirements of this chapter and chapter 245C;

62.17 (2) a license holder, a controlling individual, or an individual living in the household
 62.18 where the licensed services are provided or is otherwise subject to a background study has
 62.19 a been disqualified and the disqualification which has ~~was~~ not been set aside under section
 62.20 245C.22 and no variance has been granted;

62.21 (3) a license holder knowingly withholds relevant information from or gives false or
 62.22 misleading information to the commissioner in connection with an application for a license,
 62.23 in connection with the background study status of an individual, during an investigation,
 62.24 or regarding compliance with applicable laws or rules; ~~or~~

62.25 (4) ~~after July 1, 2012, and upon request by the commissioner, a license holder fails to~~
 62.26 ~~submit the information required of an applicant under section 245A.04, subdivision 1,~~
 62.27 ~~paragraph (f) or (g);~~ a license holder is excluded from any program administered by the
 62.28 commissioner under section 245.095; or

62.29 (5) revocation is required under section 245A.04, subdivision 7, paragraph (d).

62.30 A license holder who has had a license issued under this chapter suspended, revoked,
 62.31 or has been ordered to pay a fine must be given notice of the action by certified mail or
 62.32 personal service. If mailed, the notice must be mailed to the address shown on the application

63.1 or the last known address of the license holder. The notice must state in plain language the
63.2 reasons the license was suspended or revoked, or a fine was ordered.

63.3 (b) If the license was suspended or revoked, the notice must inform the license holder
63.4 of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts
63.5 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking
63.6 a license. The appeal of an order suspending or revoking a license must be made in writing
63.7 by certified mail or personal service. If mailed, the appeal must be postmarked and sent to
63.8 the commissioner within ten calendar days after the license holder receives notice that the
63.9 license has been suspended or revoked. If a request is made by personal service, it must be
63.10 received by the commissioner within ten calendar days after the license holder received the
63.11 order. Except as provided in subdivision 2a, paragraph (c), if a license holder submits a
63.12 timely appeal of an order suspending or revoking a license, the license holder may continue
63.13 to operate the program as provided in section 245A.04, subdivision 7, paragraphs ~~(g)~~ (f)
63.14 and ~~(h)~~ (g), until the commissioner issues a final order on the suspension or revocation.

63.15 (c)(1) If the license holder was ordered to pay a fine, the notice must inform the license
63.16 holder of the responsibility for payment of fines and the right to a contested case hearing
63.17 under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The appeal of an
63.18 order to pay a fine must be made in writing by certified mail or personal service. If mailed,
63.19 the appeal must be postmarked and sent to the commissioner within ten calendar days after
63.20 the license holder receives notice that the fine has been ordered. If a request is made by
63.21 personal service, it must be received by the commissioner within ten calendar days after
63.22 the license holder received the order.

63.23 (2) The license holder shall pay the fines assessed on or before the payment date specified.
63.24 If the license holder fails to fully comply with the order, the commissioner may issue a
63.25 second fine or suspend the license until the license holder complies. If the license holder
63.26 receives state funds, the state, county, or municipal agencies or departments responsible for
63.27 administering the funds shall withhold payments and recover any payments made while the
63.28 license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine
63.29 until the commissioner issues a final order.

63.30 (3) A license holder shall promptly notify the commissioner of human services, in writing,
63.31 when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the
63.32 commissioner determines that a violation has not been corrected as indicated by the order
63.33 to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify
63.34 the license holder by certified mail or personal service that a second fine has been assessed.
63.35 The license holder may appeal the second fine as provided under this subdivision.

64.1 (4) Fines shall be assessed as follows:

64.2 (i) the license holder shall forfeit \$1,000 for each determination of maltreatment of a
64.3 child under section 626.556 or the maltreatment of a vulnerable adult under section 626.557
64.4 for which the license holder is determined responsible for the maltreatment under section
64.5 626.556, subdivision 10e, paragraph (i), or 626.557, subdivision 9c, paragraph (c);

64.6 (ii) if the commissioner determines that a determination of maltreatment for which the
64.7 license holder is responsible is the result of maltreatment that meets the definition of serious
64.8 maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit
64.9 \$5,000;

64.10 (iii) for a program that operates out of the license holder's home and a program licensed
64.11 under Minnesota Rules, parts 9502.0300 to ~~9502.0495~~ 9502.0445, the fine assessed against
64.12 the license holder shall not exceed \$1,000 for each determination of maltreatment;

64.13 (iv) the license holder shall forfeit \$200 for each occurrence of a violation of law or rule
64.14 governing matters of health, safety, or supervision, including but not limited to the provision
64.15 of adequate staff-to-child or adult ratios, and failure to comply with background study
64.16 requirements under chapter 245C; and

64.17 (v) the license holder shall forfeit \$100 for each occurrence of a violation of law or rule
64.18 other than those subject to a \$5,000, \$1,000, or \$200 fine in items (i) to (iv).

64.19 For purposes of this section, "occurrence" means each violation identified in the
64.20 commissioner's fine order. Fines assessed against a license holder that holds a license to
64.21 provide home and community-based services, as identified in section 245D.03, subdivision
64.22 1, and a community residential setting or day services facility license under chapter 245D
64.23 where the services are provided, may be assessed against both licenses for the same
64.24 occurrence, but the combined amount of the fines shall not exceed the amount specified in
64.25 this clause for that occurrence.

64.26 (5) When a fine has been assessed, the license holder may not avoid payment by closing,
64.27 selling, or otherwise transferring the licensed program to a third party. In such an event, the
64.28 license holder will be personally liable for payment. In the case of a corporation, each
64.29 controlling individual is personally and jointly liable for payment.

64.30 (d) Except for background study violations involving the failure to comply with an order
64.31 to immediately remove an individual or an order to provide continuous, direct supervision,
64.32 the commissioner shall not issue a fine under paragraph (c) relating to a background study
64.33 violation to a license holder who self-corrects a background study violation before the

65.1 commissioner discovers the violation. A license holder who has previously exercised the
65.2 provisions of this paragraph to avoid a fine for a background study violation may not avoid
65.3 a fine for a subsequent background study violation unless at least 365 days have passed
65.4 since the license holder self-corrected the earlier background study violation.

65.5 **EFFECTIVE DATE.** This section is effective January 1, 2020.

65.6 Sec. 32. Minnesota Statutes 2018, section 245E.01, subdivision 8, is amended to read:

65.7 Subd. 8. **Financial misconduct or misconduct.** "Financial misconduct" or "misconduct"
65.8 means an entity's or individual's acts or omissions that result in fraud and abuse or error
65.9 against the Department of Human Services. Financial misconduct includes: (1) acting as a
65.10 recruiter offering conditional employment on behalf of a provider that has received funds
65.11 from the child care assistance program; and (2) committing an act or acts that meet the
65.12 definition of offenses listed in section 609.817.

65.13 Sec. 33. Minnesota Statutes 2018, section 245E.02, is amended by adding a subdivision
65.14 to read:

65.15 Subd. 1a. **Provider definitions.** For the purposes of this section, "provider" includes:

65.16 (1) individuals or entities meeting the definition of provider in section 245E.01,
65.17 subdivision 12; and

65.18 (2) owners and controlling individuals of entities identified in clause (1).

65.19 Sec. 34. Minnesota Statutes 2018, section 245E.02, is amended by adding a subdivision
65.20 to read:

65.21 Subd. 5. **Administrative disqualifications.** (a) The department shall pursue an
65.22 administrative disqualification in subdivision 4, paragraph (c), clause (1), if the provider
65.23 committed an intentional program violation. Intentional program violations include
65.24 intentionally making false or misleading statements; intentionally misrepresenting,
65.25 concealing, or withholding facts; and intentionally violating program regulations. Intent
65.26 may be proven by demonstrating a pattern or conduct that violates program rules.

65.27 (b) To initiate an administrative disqualification, the department must issue a notice to
65.28 the provider under section 245E.06, subdivision 2.

65.29 (c) The provider may appeal the department's administrative disqualification according
65.30 to section 256.045. The appeal must be made in writing and must be received by the
65.31 department no later than 30 days after the issuance of the notice to the provider. On appeal

66.1 the department bears the burden of proof to demonstrate by a preponderance of the evidence
66.2 that the provider committed an intentional program violation.

66.3 (d) The human services judge may combine a fair hearing and administrative
66.4 disqualification hearing into a single hearing if the factual issues arise out of the same or
66.5 related circumstances and the provider receives prior notice that the hearings will be
66.6 combined.

66.7 (e) A provider found to have committed an intentional program violation and is
66.8 administratively disqualified shall be disqualified, for a period of three years for the first
66.9 offense and permanently for any subsequent offense, from receiving any payments from
66.10 any child care program under chapter 119B. Unless a timely and proper appeal made under
66.11 this section is received by the department, the administrative determination of the department
66.12 is final and binding.

66.13 Sec. 35. Minnesota Statutes 2018, section 256.046, subdivision 1, is amended to read:

66.14 Subdivision 1. **Hearing authority.** A local agency must initiate an administrative fraud
66.15 disqualification hearing for individuals, ~~including child care providers caring for children~~
66.16 ~~receiving child care assistance~~, accused of wrongfully obtaining assistance or intentional
66.17 program violations, in lieu of a criminal action when it has not been pursued, in the Minnesota
66.18 family investment program and any affiliated program to include the diversionary work
66.19 program and the work participation cash benefit program, child care assistance programs,
66.20 general assistance, family general assistance program formerly codified in section 256D.05,
66.21 subdivision 1, clause (15), Minnesota supplemental aid, food stamp programs, MinnesotaCare
66.22 for adults without children, and upon federal approval, all categories of medical assistance
66.23 and remaining categories of MinnesotaCare except for children through age 18. The
66.24 Department of Human Services, in lieu of a local agency, may initiate an administrative
66.25 fraud disqualification hearing when the state agency is directly responsible for administration
66.26 or investigation of the program for which benefits were wrongfully obtained. The hearing
66.27 is subject to the requirements of ~~section~~ sections 256.045 and 256.0451, and the requirements
66.28 in Code of Federal Regulations, title 7, section 273.16.

66.29 Sec. 36. Minnesota Statutes 2018, section 256B.02, subdivision 7, is amended to read:

66.30 Subd. 7. **Vendor of medical care.** (a) "Vendor of medical care" means any person or
66.31 persons furnishing, within the scope of the vendor's respective license, any or all of the
66.32 following goods or services: medical, surgical, hospital, ambulatory surgical center services,
66.33 optical, visual, dental and nursing services; drugs and medical supplies; appliances;

67.1 laboratory, diagnostic, and therapeutic services; nursing home and convalescent care;
67.2 screening and health assessment services provided by public health nurses as defined in
67.3 section 145A.02, subdivision 18; health care services provided at the residence of the patient
67.4 if the services are performed by a public health nurse and the nurse indicates in a statement
67.5 submitted under oath that the services were actually provided; and such other ~~medical~~
67.6 services or supplies provided or prescribed by persons authorized by state law to give such
67.7 services and supplies. The term includes, but is not limited to, directors and officers of
67.8 corporations or members of partnerships who, either individually or jointly with another or
67.9 others, have the legal control, supervision, or responsibility of submitting claims for
67.10 reimbursement to the medical assistance program. The term only includes directors and
67.11 officers of corporations who personally receive a portion of the distributed assets upon
67.12 liquidation or dissolution, and their liability is limited to the portion of the claim that bears
67.13 the same proportion to the total claim as their share of the distributed assets bears to the
67.14 total distributed assets.

67.15 (b) "Vendor of medical care" also includes any person who is credentialed as a health
67.16 professional under standards set by the governing body of a federally recognized Indian
67.17 tribe authorized under an agreement with the federal government according to United States
67.18 Code, title 25, section 450f, to provide health services to its members, and who through a
67.19 tribal facility provides covered services to American Indian people within a contract health
67.20 service delivery area of a Minnesota reservation, as defined under Code of Federal
67.21 Regulations, title 42, section 36.22.

67.22 (c) A federally recognized Indian tribe that intends to implement standards for
67.23 credentialing health professionals must submit the standards to the commissioner of human
67.24 services, along with evidence of meeting, exceeding, or being exempt from corresponding
67.25 state standards. The commissioner shall maintain a copy of the standards and supporting
67.26 evidence, and shall use those standards to enroll tribal-approved health professionals as
67.27 medical assistance providers. For purposes of this section, "Indian" and "Indian tribe" mean
67.28 persons or entities that meet the definition in United States Code, title 25, section 450b.

67.29 Sec. 37. Minnesota Statutes 2018, section 256B.064, subdivision 1a, is amended to read:

67.30 Subd. 1a. **Grounds for sanctions against vendors.** The commissioner may impose
67.31 sanctions against a vendor of medical care for any of the following: (1) fraud, theft, or abuse
67.32 in connection with the provision of medical care to recipients of public assistance; (2) a
67.33 pattern of presentment of false or duplicate claims or claims for services not medically
67.34 necessary; (3) a pattern of making false statements of material facts for the purpose of

68.1 obtaining greater compensation than that to which the vendor is legally entitled; (4)
68.2 suspension or termination as a Medicare vendor; (5) refusal to grant the state agency access
68.3 during regular business hours to examine all records necessary to disclose the extent of
68.4 services provided to program recipients and appropriateness of claims for payment; (6)
68.5 failure to repay an overpayment or a fine finally established under this section; (7) failure
68.6 to correct errors in the maintenance of health service or financial records for which a fine
68.7 was imposed or after issuance of a warning by the commissioner; ~~and~~ (8) any reason for
68.8 which a vendor could be excluded from participation in the Medicare program under section
68.9 1128, 1128A, or 1866(b)(2) of the Social Security Act.; and (9) there is a preponderance of
68.10 evidence that the vendor committed an act or acts that meet the definition of offenses listed
68.11 in section 609.817.

68.12 Sec. 38. Minnesota Statutes 2018, section 256B.064, subdivision 1b, is amended to read:

68.13 Subd. 1b. **Sanctions available.** The commissioner may impose the following sanctions
68.14 for the conduct described in subdivision 1a: suspension or withholding of payments to a
68.15 vendor and suspending or terminating participation in the program, or imposition of a fine
68.16 under subdivision 2, paragraph (f). When imposing sanctions under this section, the
68.17 commissioner shall consider the nature, chronicity, or severity of the conduct and the effect
68.18 of the conduct on the health and safety of persons served by the vendor. The commissioner
68.19 shall suspend a vendor's participation in the program for a minimum of five years if, for an
68.20 offense related to a provision of a health service under medical assistance or health care
68.21 fraud, the vendor is convicted of a crime, received a stay of adjudication, or entered a
68.22 court-ordered diversion program. Regardless of imposition of sanctions, the commissioner
68.23 may make a referral to the appropriate state licensing board.

68.24 Sec. 39. Minnesota Statutes 2018, section 256B.064, subdivision 2, is amended to read:

68.25 Subd. 2. **Imposition of monetary recovery and sanctions.** (a) The commissioner shall
68.26 determine any monetary amounts to be recovered and sanctions to be imposed upon a vendor
68.27 of medical care under this section. Except as provided in paragraphs (b) and (d), neither a
68.28 monetary recovery nor a sanction will be imposed by the commissioner without prior notice
68.29 and an opportunity for a hearing, according to chapter 14, on the commissioner's proposed
68.30 action, provided that the commissioner may suspend or reduce payment to a vendor of
68.31 medical care, except a nursing home or convalescent care facility, after notice and prior to
68.32 the hearing if in the commissioner's opinion that action is necessary to protect the public
68.33 welfare and the interests of the program.

69.1 (b) Except when the commissioner finds good cause not to suspend payments under
69.2 Code of Federal Regulations, title 42, section 455.23 (e) or (f), the commissioner shall
69.3 withhold or reduce payments to a vendor of medical care without providing advance notice
69.4 of such withholding or reduction if either of the following occurs:

69.5 (1) the vendor is convicted of a crime involving the conduct described in subdivision
69.6 1a; or

69.7 (2) the commissioner determines there is a credible allegation of fraud for which an
69.8 investigation is pending under the program. A credible allegation of fraud is an allegation
69.9 which has been verified by the state, from any source, including but not limited to:

69.10 (i) fraud hotline complaints;

69.11 (ii) claims data mining; and

69.12 (iii) patterns identified through provider audits, civil false claims cases, and law
69.13 enforcement investigations.

69.14 Allegations are considered to be credible when they have an indicia of reliability and
69.15 the state agency has reviewed all allegations, facts, and evidence carefully and acts
69.16 judiciously on a case-by-case basis.

69.17 (c) The commissioner must send notice of the withholding or reduction of payments
69.18 under paragraph (b) within five days of taking such action unless requested in writing by a
69.19 law enforcement agency to temporarily withhold the notice. The notice must:

69.20 (1) state that payments are being withheld according to paragraph (b);

69.21 (2) set forth the general allegations as to the nature of the withholding action, but need
69.22 not disclose any specific information concerning an ongoing investigation;

69.23 (3) except in the case of a conviction for conduct described in subdivision 1a, state that
69.24 the withholding is for a temporary period and cite the circumstances under which withholding
69.25 will be terminated;

69.26 (4) identify the types of claims to which the withholding applies; and

69.27 (5) inform the vendor of the right to submit written evidence for consideration by the
69.28 commissioner.

69.29 The withholding or reduction of payments will not continue after the commissioner
69.30 determines there is insufficient evidence of fraud by the vendor, or after legal proceedings
69.31 relating to the alleged fraud are completed, unless the commissioner has sent notice of
69.32 intention to impose monetary recovery or sanctions under paragraph (a). Upon conviction

70.1 for a crime related to the provision, management, or administration of a health service under
70.2 medical assistance, a payment held pursuant to this section by the commissioner or a managed
70.3 care organization that contracts with the commissioner under section 256B.035 is forfeited
70.4 by the commissioner or managed care organization, regardless of the amount charged in
70.5 the criminal complaint or the amount of criminal restitution ordered.

70.6 (d) The commissioner shall suspend or terminate a vendor's participation in the program
70.7 without providing advance notice and an opportunity for a hearing when the suspension or
70.8 termination is required because of the vendor's exclusion from participation in Medicare.
70.9 Within five days of taking such action, the commissioner must send notice of the suspension
70.10 or termination. The notice must:

70.11 (1) state that suspension or termination is the result of the vendor's exclusion from
70.12 Medicare;

70.13 (2) identify the effective date of the suspension or termination; and

70.14 (3) inform the vendor of the need to be reinstated to Medicare before reapplying for
70.15 participation in the program.

70.16 (e) Upon receipt of a notice under paragraph (a) that a monetary recovery or sanction is
70.17 to be imposed, a vendor may request a contested case, as defined in section 14.02, subdivision
70.18 3, by filing with the commissioner a written request of appeal. The appeal request must be
70.19 received by the commissioner no later than 30 days after the date the notification of monetary
70.20 recovery or sanction was mailed to the vendor. The appeal request must specify:

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

70.23 (2) the computation that the vendor believes is correct;

70.24 (3) the authority in statute or rule upon which the vendor relies for each disputed item;

70.25 (4) the name and address of the person or entity with whom contacts may be made
70.26 regarding the appeal; and

70.27 (5) other information required by the commissioner.

70.28 (f) The commissioner may order a vendor to forfeit a fine for failure to fully document
70.29 services according to standards in this chapter and Minnesota Rules, chapter 9505. The
70.30 commissioner may assess fines if specific required components of documentation are
70.31 missing. The fine for incomplete documentation shall equal 20 percent of the amount paid
70.32 on the claims for reimbursement submitted by the vendor, or up to \$5,000, whichever is

71.1 less. If the commissioner determines that a vendor repeatedly violated this chapter or
71.2 Minnesota Rules, chapter 9505, related to the provision of services to program recipients
71.3 and the submission of claims for payment, the commissioner may order a vendor to forfeit
71.4 a fine based on the nature, severity, and chronicity of the violations, in an amount of up to
71.5 \$5,000 or 20 percent of the value of the claims, whichever is greater.

71.6 (g) The vendor shall pay the fine assessed on or before the payment date specified. If
71.7 the vendor fails to pay the fine, the commissioner may withhold or reduce payments and
71.8 recover the amount of the fine. A timely appeal shall stay payment of the fine until the
71.9 commissioner issues a final order.

71.10 Sec. 40. Minnesota Statutes 2018, section 256B.064, is amended by adding a subdivision
71.11 to read:

71.12 Subd. 3. **Vendor mandates on prohibited hiring.** (a) The commissioner shall maintain
71.13 and publish a list of each excluded individual and entity that was convicted of a crime related
71.14 to the provision, management, or administration of a medical assistance health service, or
71.15 suspended or terminated under subdivision 2. A vendor that receives funding from medical
71.16 assistance shall not: (1) employ an individual or entity who is on the exclusion list; or (2)
71.17 enter into or maintain a business relationship with an individual or entity that is on the
71.18 exclusion list.

71.19 (b) Before hiring or entering into a business transaction, a vendor must check the
71.20 exclusion list. The vendor must check the exclusion list on a monthly basis and document
71.21 the date and time with a.m. and p.m. designations that the exclusion list was checked and
71.22 the name and title of the person who checked the exclusion list. The vendor must: (1)
71.23 immediately terminate a current employee on the exclusion list; and (2) immediately
71.24 terminate a business relationship with an individual or entity on the exclusion list.

71.25 (c) A vendor's requirement to check the exclusion list and to terminate an employee on
71.26 the exclusion list applies to each employee, even if the named employee is not responsible
71.27 for direct patient care or direct submission of a claim to medical assistance. A vendor's
71.28 requirement to check the exclusion list and terminate a business relationship with an
71.29 individual or entity on the exclusion list applies to each business relationship, even if the
71.30 named individual or entity is not responsible for direct patient care or direct submission of
71.31 a claim to medical assistance.

71.32 (d) A vendor that employs or enters into or maintains a business relationship with an
71.33 individual or entity on the exclusion list must refund any payment related to a service
71.34 rendered by an individual or entity on the exclusion list from the date the individual is

72.1 employed or the date the individual is placed on the exclusion list, whichever is later, and
72.2 a vendor may be subject to:

72.3 (1) sanctions under subdivision 2;

72.4 (2) a civil monetary penalty of up to \$25,000 for each determination by the department
72.5 that the vendor employed or contracted with an individual or entity on the exclusion list;
72.6 and

72.7 (3) other fines or penalties allowed by law.

72.8 Sec. 41. Minnesota Statutes 2018, section 256B.064, is amended by adding a subdivision
72.9 to read:

72.10 Subd. 4. **Notice.** (a) The notice required under subdivision 2 shall be served by first class
72.11 mail at the address submitted to the department by the vendor. Service is complete upon
72.12 mailing. The commissioner shall place an affidavit of the first class mailing in the vendor's
72.13 file as an indication of the address and the date of mailing.

72.14 (b) The department shall give notice in writing to a recipient placed in the Minnesota
72.15 restricted recipient program under section 256B.0646 and Minnesota Rules, part 9505.2200.
72.16 The notice shall be sent by first class mail to the recipient's current address on file with the
72.17 department. A recipient placed in the Minnesota restricted recipient program may contest
72.18 the placement by submitting a written request for a hearing to the department within 90
72.19 days of the notice being mailed.

72.20 Sec. 42. Minnesota Statutes 2018, section 256B.064, is amended by adding a subdivision
72.21 to read:

72.22 Subd. 5. **Immunity; good faith reporters.** (a) A person who makes a good faith report
72.23 is immune from any civil or criminal liability that might otherwise arise from reporting or
72.24 participating in the investigation. Nothing in this subdivision affects a vendor's responsibility
72.25 for an overpayment established under this subdivision.

72.26 (b) A person employed by a lead investigative agency who is conducting or supervising
72.27 an investigation or enforcing the law according to the applicable law or rule is immune from
72.28 any civil or criminal liability that might otherwise arise from the person's actions, if the
72.29 person is acting in good faith and exercising due care.

72.30 (c) For purposes of this subdivision, "person" includes a natural person or any form of
72.31 a business or legal entity.

73.1 (d) After an investigation is complete, the reporter's name must be kept confidential.
73.2 The subject of the report may compel disclosure of the reporter's name only with the consent
73.3 of the reporter or upon a written finding by a district court that the report was false and there
73.4 is evidence that the report was made in bad faith. This subdivision does not alter disclosure
73.5 responsibilities or obligations under the Rules of Criminal Procedure, except when the
73.6 identity of the reporter is relevant to a criminal prosecution the district court shall conduct
73.7 an in-camera review before determining whether to order disclosure of the reporter's identity.

73.8 Sec. 43. **[256B.0646] MINNESOTA RESTRICTED RECIPIENT PROGRAM;**
73.9 **PERSONAL CARE ASSISTANCE SERVICES.**

73.10 (a) When a recipient's use of personal care assistance services or community first services
73.11 and supports under section 256B.85 results in abusive or fraudulent billing, the commissioner
73.12 may place a recipient in the Minnesota restricted recipient program under Minnesota Rules,
73.13 part 9505.2165. A recipient placed in the Minnesota restricted recipient program under this
73.14 section must: (1) use a designated traditional personal care assistance provider agency; and
73.15 (2) obtain a new assessment under section 256B.0911, including consultation with a registered
73.16 or public health nurse on the long-term care consultation team pursuant to section 256B.0911,
73.17 subdivision 3, paragraph (b), clause (2).

73.18 (b) A recipient must comply with additional conditions for the use of personal care
73.19 assistance services or community first services and supports if the commissioner determines
73.20 it is necessary to prevent future misuse of personal care assistance services or abusive or
73.21 fraudulent billing. Additional conditions may include but are not limited to restricting service
73.22 authorizations to a duration of no more than one month, and requiring a qualified professional
73.23 to monitor and report services on a monthly basis.

73.24 (c) A recipient placed in the Minnesota restricted recipient program under this section
73.25 may appeal the placement according to section 256B.045.

73.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

73.27 Sec. 44. Minnesota Statutes 2018, section 256B.0651, subdivision 17, is amended to read:

73.28 Subd. 17. **Recipient protection.** (a) Providers of home care services must provide each
73.29 recipient with a copy of the home care bill of rights under section 144A.44 at least 30 days
73.30 prior to terminating services to a recipient, if the termination results from provider sanctions
73.31 under section 256B.064, such as a payment withhold, a suspension of participation, or a
73.32 termination of participation. If a home care provider determines it is unable to continue
73.33 providing services to a recipient, the provider must notify the recipient, the recipient's

74.1 responsible party, and the commissioner 30 days prior to terminating services to the recipient
74.2 because of an action under section 256B.064, and must assist the commissioner and lead
74.3 agency in supporting the recipient in transitioning to another home care provider of the
74.4 recipient's choice.

74.5 (b) In the event of a payment withhold from a home care provider, a suspension of
74.6 participation, or a termination of participation of a home care provider under section
74.7 256B.064, the commissioner may inform the Office of Ombudsman for Long-Term Care
74.8 and the lead agencies for all recipients with active service agreements with the provider. At
74.9 the commissioner's request, the lead agencies must contact recipients to ensure that the
74.10 recipients are continuing to receive needed care, and that the recipients have been given
74.11 free choice of provider if they transfer to another home care provider. In addition, the
74.12 commissioner or the commissioner's delegate may directly notify recipients who receive
74.13 care from the provider that payments have been or may be withheld or that the provider's
74.14 participation in medical assistance has been or may be suspended or terminated, if the
74.15 commissioner determines that notification is necessary to protect the welfare of the recipients.
74.16 For purposes of this subdivision, "lead agencies" means counties, tribes, and managed care
74.17 organizations.

74.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

74.19 Sec. 45. Minnesota Statutes 2018, section 256B.0659, subdivision 12, is amended to read:

74.20 Subd. 12. **Documentation of personal care assistance services provided.** (a) Personal
74.21 care assistance services for a recipient must be documented daily by each personal care
74.22 assistant, on a time sheet form approved by the commissioner. All documentation may be
74.23 web-based, electronic, or paper documentation. The completed form must be submitted on
74.24 a monthly basis to the provider and kept in the recipient's health record.

74.25 (b) The activity documentation must correspond to the personal care assistance care plan
74.26 and be reviewed by the qualified professional.

74.27 (c) The personal care assistant time sheet must be on a form approved by the
74.28 commissioner documenting time the personal care assistant provides services in the home.
74.29 The following criteria must be included in the time sheet:

74.30 (1) full name of personal care assistant and individual provider number;

74.31 (2) provider name and telephone numbers;

74.32 (3) full name of recipient and either the recipient's medical assistance identification
74.33 number or date of birth;

75.1 (4) consecutive dates, including month, day, and year, and arrival and departure times
75.2 with a.m. or p.m. notations;

75.3 (5) signatures of recipient or the responsible party;

75.4 (6) personal signature of the personal care assistant;

75.5 (7) any shared care provided, if applicable;

75.6 (8) a statement that it is a federal crime to provide false information on personal care
75.7 service billings for medical assistance payments; and

75.8 (9) dates and location of recipient stays in a hospital, care facility, or incarceration.

75.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

75.10 Sec. 46. Minnesota Statutes 2018, section 256B.27, subdivision 3, is amended to read:

75.11 Subd. 3. **Access to medical records.** The commissioner of human services, with the
75.12 written consent of the recipient, on file with the local welfare agency, shall be allowed
75.13 access to all personal medical records of medical assistance recipients solely for the purposes
75.14 of investigating whether or not: (a) a vendor of medical care has submitted a claim for
75.15 reimbursement, a cost report or a rate application which is duplicative, erroneous, or false
75.16 in whole or in part, or which results in the vendor obtaining greater compensation than the
75.17 vendor is legally entitled to; or (b) the medical care was medically necessary. ~~The vendor~~
75.18 ~~of medical care shall receive notification from the commissioner at least 24 hours before~~
75.19 ~~the commissioner gains access to such records.~~ When the commissioner is investigating a
75.20 possible overpayment of Medicaid funds, the commissioner must be given immediate access
75.21 without prior notice to the vendor's office during regular business hours and to documentation
75.22 and records related to services provided and submission of claims for services provided.
75.23 Denying the commissioner access to records is cause for the vendor's immediate suspension
75.24 of payment or termination according to section 256B.064. The determination of provision
75.25 of services not medically necessary shall be made by the commissioner. Notwithstanding
75.26 any other law to the contrary, a vendor of medical care shall not be subject to any civil or
75.27 criminal liability for providing access to medical records to the commissioner of human
75.28 services pursuant to this section.

75.29 Sec. 47. Minnesota Statutes 2018, section 256B.4912, is amended by adding a subdivision
75.30 to read:

75.31 Subd. 11. **Home and community-based service billing requirements.** (a) A home and
75.32 community-based service is eligible for reimbursement if:

76.1 (1) the service is provided according to a federally approved waiver plan, as authorized
76.2 under sections 256B.0913, 256B.0915, 256B.092, and 256B.49;

76.3 (2) if applicable, the service is provided on days and times during the days and hours of
76.4 operation specified on any license required under chapter 245A or 245D; and

76.5 (3) the provider complies with subdivisions 12 to 15, if applicable.

76.6 (b) The provider must maintain documentation that, upon employment and annually
76.7 thereafter, staff providing a service have attested to reviewing and understanding the
76.8 following statement: "It is a federal crime to provide materially false information on service
76.9 billings for medical assistance or services provided under a federally approved waiver plan,
76.10 as authorized under Minnesota Statutes, sections 256B.0913, 256B.0915, 256B.092, and
76.11 256B.49."

76.12 (c) The department may recover payment, according to section 256B.064 and Minnesota
76.13 Rules, parts 9505.2160 to 9505.2245, for a service that does not satisfy this subdivision.

76.14 Sec. 48. Minnesota Statutes 2018, section 256B.4912, is amended by adding a subdivision
76.15 to read:

76.16 Subd. 12. **Home and community-based service documentation requirements.** (a)
76.17 Documentation may be collected and maintained electronically or in paper form by providers
76.18 and must be produced upon request of the commissioner.

76.19 (b) Documentation of a delivered service must be in English and must be legible according
76.20 to the standard of a reasonable person.

76.21 (c) If the service is reimbursed at an hourly or specified minute-based rate, each
76.22 documentation of the provision of a service, unless otherwise specified, must include:

76.23 (1) the date the documentation occurred;

76.24 (2) the day, month, and year when the service was provided;

76.25 (3) the start and stop times with a.m. and p.m. designations, except for case management
76.26 services as defined under sections 256B.0913, subdivision 7; 256B.0915, subdivision 1a;
76.27 256B.092, subdivision 1a; and 256B.49, subdivision 13;

76.28 (4) the service name or description of the service provided; and

76.29 (5) the name, signature, and title, if any, of the provider of service. If the service is
76.30 provided by multiple staff members, the provider may designate a staff member responsible
76.31 for verifying services and completing the documentation required by this paragraph.

77.1 (d) If the service is reimbursed at a daily rate or does not meet the requirements in
77.2 paragraph (c), each documentation of the provision of a service, unless otherwise specified,
77.3 must include:

77.4 (1) the date the documentation occurred;

77.5 (2) the day, month, and year when the service was provided;

77.6 (3) the service name or description of the service provided; and

77.7 (4) the name, signature, and title, if any, of the person providing the service. If the service
77.8 is provided by multiple staff, the provider may designate a staff member responsible for
77.9 verifying services and completing the documentation required by this paragraph.

77.10 Sec. 49. Minnesota Statutes 2018, section 256B.4912, is amended by adding a subdivision
77.11 to read:

77.12 Subd. 13. **Waiver transportation documentation and billing requirements.** (a) A
77.13 waiver transportation service must be a waiver transportation service that: (1) is not covered
77.14 by medical transportation under the Medicaid state plan; and (2) is not included as a
77.15 component of another waiver service.

77.16 (b) In addition to the documentation requirements in subdivision 12, a waiver
77.17 transportation service provider must maintain:

77.18 (1) odometer and other records pursuant to section 256B.0625, subdivision 17b, paragraph
77.19 (b), clause (3), sufficient to distinguish an individual trip with a specific vehicle and driver
77.20 for a waiver transportation service that is billed directly by the mile. A common carrier as
77.21 defined by Minnesota Rules, part 9505.0315, subpart 1, item B, or a publicly operated transit
77.22 system provider are exempt from this clause; and

77.23 (2) documentation demonstrating that a vehicle and a driver meet the standards determined
77.24 by the Department of Human Services on vehicle and driver qualifications in section
77.25 256B.0625, subdivision 17, paragraph (c).

77.26 Sec. 50. Minnesota Statutes 2018, section 256B.4912, is amended by adding a subdivision
77.27 to read:

77.28 Subd. 14. **Equipment and supply documentation requirements.** (a) In addition to the
77.29 requirements in subdivision 12, an equipment and supply services provider must for each
77.30 documentation of the provision of a service include:

77.31 (1) the recipient's assessed need for the equipment or supply;

- 78.1 (2) the reason the equipment or supply is not covered by the Medicaid state plan;
78.2 (3) the type and brand name of the equipment or supply delivered to or purchased by
78.3 the recipient, including whether the equipment or supply was rented or purchased;
78.4 (4) the quantity of the equipment or supplies delivered or purchased; and
78.5 (5) the cost of equipment or supplies if the amount paid for the service depends on the
78.6 cost.

78.7 (b) A provider must maintain a copy of the shipping invoice or a delivery service tracking
78.8 log or other documentation showing the date of delivery that proves the equipment or supply
78.9 was delivered to the recipient or a receipt if the equipment or supply was purchased by the
78.10 recipient.

78.11 Sec. 51. Minnesota Statutes 2018, section 256B.4912, is amended by adding a subdivision
78.12 to read:

78.13 Subd. 15. **Adult day service documentation and billing requirements.** (a) In addition
78.14 to the requirements in subdivision 12, a provider of adult day services as defined in section
78.15 245A.02, subdivision 2a, and licensed under Minnesota Rules, parts 9555.9600 to 9555.9730,
78.16 must maintain documentation of:

78.17 (1) a needs assessment and current plan of care according to section 245A.143,
78.18 subdivisions 4 to 7, or Minnesota Rules, part 9555.9700, for each recipient, if applicable;

78.19 (2) attendance records as specified under section 245A.14, subdivision 14, paragraph
78.20 (c), including the date of attendance with the day, month, and year; and the pickup and
78.21 drop-off time in hours and minutes with a.m. and p.m. designations;

78.22 (3) the monthly and quarterly program requirements in Minnesota Rules, part 9555.9710,
78.23 subparts 1, items E and H; 3; 4; and 6, if applicable;

78.24 (4) the name and qualification of each registered physical therapist, registered nurse,
78.25 and registered dietitian who provides services to the adult day services or nonresidential
78.26 program; and

78.27 (5) the location where the service was provided. If the location is an alternate location
78.28 from the usual place of service, the documentation must include the address, or a description
78.29 if the address is not available, of both the origin site and destination site; the length of time
78.30 at the alternate location with a.m. and p.m. designations; and a list of participants who went
78.31 to the alternate location.

79.1 (b) A provider cannot exceed the provider's licensed capacity. If a provider exceeds the
 79.2 provider's licensed capacity, the department must recover all Minnesota health care programs
 79.3 payments from the date the provider exceeded licensed capacity.

79.4 **EFFECTIVE DATE.** This section is effective August 1, 2019.

79.5 Sec. 52. **[609.817] CRIMINAL PENALTIES FOR ACTS INVOLVING HUMAN**
 79.6 **SERVICES PROGRAMS.**

79.7 Subdivision 1. **Payments made relating to human services programs.** A person who
 79.8 intentionally offers or pays any remuneration, including any kickback, bribe, or rebate,
 79.9 directly or indirectly, overtly or covertly, in cash or in kind, to a person is guilty of a crime
 79.10 and may be sentenced as provided in subdivision 3 if such offer or payment is made to
 79.11 induce the person:

79.12 (1) to apply for, receive, or induce another person to apply for or receive a human services
 79.13 benefit, service, or grant related to a program funded in whole or in part by the Department
 79.14 of Human Services or administered by the commissioner of human services, including but
 79.15 not limited to a human services benefit, service, or grant funded in whole or in part by a
 79.16 local social services agency, the Department of Human Services, or the United States
 79.17 Department of Health and Human Services; or

79.18 (2) to apply for or to use a particular vendor providing a service administered or funded
 79.19 in whole or in part by the Department of Human Services, a local social services agency,
 79.20 or the United States Department of Health and Human Services.

79.21 Subd. 2. **Payments received relating to human services programs.** A person who
 79.22 intentionally solicits or receives any remuneration, including any kickback, bribe, or rebate,
 79.23 directly or indirectly, overtly or covertly, in cash or in kind is guilty of a crime and may be
 79.24 sentenced as provided in subdivision 3 if the remuneration is solicited or received:

79.25 (1) in return for applying for or receiving a human services benefit, service, or grant
 79.26 administered or funded in whole or in part by the Department of Human Services or
 79.27 administered by the commissioner of human services, including but not limited to a human
 79.28 services benefit, service, or grant funded in whole or in part by a local social services agency,
 79.29 the Department of Human Services, or the United States Department of Health and Human
 79.30 Services;

79.31 (2) in return for applying for or using a particular vendor providing a service administered
 79.32 or funded in whole or in part by the Department of Human Services, a local social services
 79.33 agency, or the United States Department of Health and Human Services; or

80.1 (3) in return for receiving or agreeing to receive payments in excess of fair and reasonable
80.2 market value for services or supplies provided to a company or person who is being paid
80.3 in whole or in part by the Department of Human Services, a local social services agency,
80.4 or the United States Department of Health and Human Services to provide a human services
80.5 benefit to a person.

80.6 Subd. 3. **Sentence.** Whoever violates subdivision 1 or 2 may be sentenced to
80.7 imprisonment for not more than five years or to payment of a fine of not more than \$10,000,
80.8 or both.

80.9 Subd. 4. **Defense.** It is not a defense under this section for the person or company
80.10 receiving or making the payments in excess of fair and reasonable market value to claim
80.11 the person did not have knowledge of the source of the payments.

80.12 Subd. 5. **Persons exempt.** This section does not apply if:

80.13 (1) the employee receiving the remuneration is a bona fide employee of the company
80.14 receiving payment for providing care or services;

80.15 (2) the remuneration received by the employee is for work performed by the employee
80.16 and is paid via a standard payroll check or a direct deposit from the company payroll account
80.17 to the bank designated by the employee; and

80.18 (3) the company making the payment complies with all state and federal laws relating
80.19 to tax withholding, Social Security and Medicare withholding, and wage reporting to the
80.20 Department of Employment and Economic Development.

80.21 Subd. 6. **Additional sanctions.** (a) Claims or payments for any service rendered or
80.22 claimed to have been rendered by a provider or individual who violated this section in regard
80.23 to the person for whom such services were rendered or claimed to have been rendered are
80.24 noncompensable, unenforceable as a matter of law, and constitute the value of any restitution
80.25 owed to the Department of Human Services, a county, or the United States Department of
80.26 Health and Human Services.

80.27 (b) For the purposes of this section, service includes any benefit, service, or grant,
80.28 administered or funded in whole or in part by the Department of Human Services, a county,
80.29 or the United States Department of Health and Human Services.

80.30 (c) A person convicted under this section is subject to prohibitions described under
80.31 section 245.095."

80.32 Delete the title and insert:

81.1 "A bill for an act

81.2 relating to early childhood; modifying various policy and finance provisions

81.3 governing child care, children and family services, licensing, and program integrity;

81.4 making appropriations; amending Minnesota Statutes 2018, sections 13.46,

81.5 subdivision 3; 15C.02; 119B.011, subdivisions 19, 20, by adding a subdivision;

81.6 119B.02, subdivisions 6, 7; 119B.025, subdivision 1; 119B.03, subdivision 9;

81.7 119B.09, subdivisions 1, 7; 119B.095, subdivision 2, by adding a subdivision;

81.8 119B.125, subdivision 6; 119B.13, subdivisions 1, 6, 7; 119B.16, subdivisions 1,

81.9 1a, 1b, by adding subdivisions; 144.966, subdivision 2; 245.095; 245A.02,

81.10 subdivisions 3, 8, 9, 12, 14, by adding subdivisions; 245A.03, subdivisions 1, 3;

81.11 245A.04, subdivisions 1, 2, 4, 6, 7, 10, by adding a subdivision; 245A.05; 245A.07,

81.12 subdivisions 1, 2, 2a, 3; 245A.14, by adding a subdivision; 245A.145, subdivisions

81.13 1, 2; 245A.41, subdivision 3; 245A.50, by adding a subdivision; 245A.51,

81.14 subdivision 3; 245E.01, subdivision 8; 245E.02, by adding subdivisions; 245E.06,

81.15 subdivision 3; 245H.07; 245H.15, subdivision 1; 256.046, subdivision 1; 256B.02,

81.16 subdivision 7; 256B.064, subdivisions 1a, 1b, 2, by adding subdivisions; 256B.0651,

81.17 subdivision 17; 256B.0659, subdivision 12; 256B.27, subdivision 3; 256B.4912,

81.18 by adding subdivisions; proposing coding for new law in Minnesota Statutes,

81.19 chapters 119B; 145; 245A; 256B; 609; repealing Minnesota Statutes 2018, sections

81.20 119B.16, subdivision 2; 245E.06, subdivisions 2, 4, 5; Minnesota Rules, part

81.21 3400.0185, subpart 5."