House Research Act Summary

CHAPTER: 1 **SESSION:** 2010 First Special Session

TOPIC: State budget balancing and human services

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Table of Contents

Article 15: Health and Human Services

Article 16: Health Care

Article 17: Continuing Care

Article 18: Children and Family Services

Article 19: Miscellaneous

Article 20: Department of Health

Article 21: Public Health

Article 22: Health Care Reform

Article 23: Human Services Forecast Adjustments

Article 24: Human Services Contingent Appropriations

Article 25: Health and Human Services Appropriations

Overview

Chapter 1 voids any unallotments from July 1, 2009, through May 21, 2010, but reduces state appropriations for fiscal years 2010 and 2011, including reductions in aids and credits. Supplemental appropriations and reductions for fiscal year 2010 are effective May 22, 2010. It makes permanent and temporary changes to ease the state's cash flow problems. It makes other changes to address the state's budget, including reducing the aid payment percentage for school districts for fiscal years 2010 and 2011 and delaying certain tax refunds for fiscal year 2011. Articles 16 to 25 are health and human services provisions. Chapter 1 was enacted May 21, 2010.

Article 1: Summary

1 **General fund summary.** Summarizes the appropriations and reductions made in this bill.

2 **Allotment reductions void.** Voids any reductions in appropriation allotments from July 1, 2009 to May 22, 2010, the day following final enactment. .

Article 2: Cash Flow

Makes permanent changes to certain payment and revenue collection schedules to reduce monthly low points in general fund cash flow.

1 **Change in payment of aids and credits.** Leaves to the discretion of the commissioner of management and budget whether to delay payments to school districts within the school year in order to avoid short-term borrowing by the state when the state's general fund cash is not sufficient to make all payments on time. (Current law requires the commissioner to delay school payments before the state may undertake any short-term cash flow borrowing.) Increases the school district's fund balance exempt from the payment delay from $150 to

$700 per pupil unit and increases the amount a district may retain in its treasury from $350 to $700 per pupil unit.

2 **Monthly payments; University of Minnesota.** Changes the date for the monthly payments of appropriations to the university from the 21st to the 25th.

3 **State property taxes; county treasurer.** Requires the counties to pay the state property taxes to the state on the same schedule of estimated and final payments used to distribute property taxes to school districts. This advances the settlement dates from the county to the state as follows:

- the current June 28th payment will be made 50 percent on or about May 24th, and 50 percent on or about June 5th;
- the December 2nd payment will be made 50 percent on or about October 24th and 50 percent on or about November 2nd; and
- the January 25th "clean-up" payment from the county will continue to be made at the same time.

Effective for distributions beginning October 1, 2010, and thereafter.

4 **Sales and use tax.** Temporarily requires vendors who collect and remit $120,000 or more annually in sales tax to remit payments on an earlier schedule. Vendors have two options for making early payments, but once they select an option they must continue to remit under that option as long as they must remit the early payments. The two options are:

- remit 90 percent of their monthly liability on the 14th of the month after it was collected with the remainder due on the 20th of the month; or
- remit a percent of the current month's liability (equal to 67 percent of the previous month's liability) in the month in which the taxable sale occurs with the remainder due on the 20th of the following month. If a vendor chooses this payment option, in the first month they will make a payment equal to 167 percent of the liability for the previous month's sales.

Under current law the entire amount is due on the 20th of the month after the taxable sale occurs. When the cash flow account and the budget reserve account reach the desired levels listed in Chapter 16A, the early sales tax payments under this section will be eliminated and the remittances will again be due on the 20th of the month following the month in which the sale occurs. Nothing in this section affects the June accelerated payment date, or its associated settle-up date. Requires that all fees and other taxes reported on the same return be remitted on the same schedule as well. Effective for taxes due and payable after September 1, 2010.

5 **Accelerated payment of monthly sales tax liability; penalty for underpayment.** Provides a penalty for underpayment of required early payments in section 4 equal to 10 percent of the underpayment amount. Provides the following safe harbors for avoiding the penalty in this section:

- For vendors making payments on the 14th of the month the penalty is avoided by making a payment equal to the lesser of (1) 90 percent of the liability of the previous month or (2) 90 percent of the liability for the same month in the previous calendar year, or (3) 90 percent of the vendor's average monthly liability for the previous

calendar year.

- For vendors making payments on the 20th of the month in which the sale occurs the safe harbor is equal to the lesser of (1) 67 percent of the liability of the previous month or (2) 67 percent of the liability for the same month in the previous calendar year.

Article 3: E-12 Education

1 **Definition.** Moves unchanged, the definition of "school district tax settlement revenue" to its own subdivision. Effective date is retroactive to July 1, 2009.

2 **Levy recognition.** Beginning in fiscal year 2010, shifts 48.6 percent of the school levy payments (primarily the amounts received in the May, June, and July settlements) into the previous fiscal year.

3 **Commissioner shall specify fiscal year.** Requires the commissioner of education to report any changes to levy recognition to the chairs and ranking members of the Education Finance Committees of the house and senate. Effective date is retroactive to July 1, 2009.

4 **Reporting.** Corrects cross-reference. Effective date is retroactive to July 1, 2009.

5 **Aid reduction; levy revenue recognition change.** Clarifies a cross-reference. Effective date is retroactive to July 1, 2009.

6 **Definitions.** Lowers the current year aid payment percentage from 90 percent to 73 percent for fiscal year 2010, 70 percent for fiscal year 2011, and back to 90 percent beginning in fiscal year 2012. Effective date is retroactive to July 1, 2009.

7 **Payment dates and percentages.** Deletes an obsolete payment schedule.

8 **Advance final payment; fiscal years 2010 and 2011.** Permits school districts and charter schools that are in statutory operating debt to be paid on the 90/10 payment schedule in fiscal years 2010 and 2011 only, rather than the 70/30 payment scheduled established for other districts and charters.

9 **Aid payment percentage.** Deletes an obsolete calculation in the payment schedule used in fiscal year 2005 for special education – excess cost revenue.

10 **General education aid.** Updates the general education aid appropriation from the 2009 E-12 finance bill to reflect the February forecast, the 70/30 percent payment schedule, and the property tax recognition shift.

11 **Educate parents partnership.** For fiscal years 2010 and 2011, reduces the educate parents partnership by $1,000 per year.

12 **Kindergarten entrance assessment initiative and intervention program**. For fiscal years 2010 and 2011, reduces the kindergarten entrance assessment initiative and intervention program by $6,000 per year.

13 **Department.** Reduces the Department of Education appropriation by $796,000 in fiscal year 2010 and $1,132,000 in fiscal year 2011 and later. Incorporates reductions to the

Board of Teaching and the Board of School Administrators. Eliminates the rider for the early hearing loss coordinator for fiscal year 2011 and later.

Article 4: E-12 Education Forecast Adjustments

1 **Debt service appropriation.** Adjusts the fixed, standing appropriation for debt service equalization aid to match the February 2010 forecast estimate of the appropriation.

2 - 27 **Conforming appropriations.** Updates appropriations from the 2009 E-12 finance bill for fiscal years 2010 and 2011 to reflect the February forecast and the 70/30 percent aid payment schedule.

Article 5: Higher Education

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the appropriations enacted for higher education in 2009.

3 **Minnesota Office of Higher Education**. Reduces appropriations to the Office of Higher Education by $77,000 in each year.

4 **Board of Trustees of the Minnesota State Colleges and Universities (MnSCU).** Reduces fiscal year 2011 appropriation to MnSCU by $50 million and allocates cuts to the central office and shared services unit and to operations and maintenance. Sets the base for fiscal year 2012 and fiscal year 2013.

5 **Board of Regents of the University of Minnesota.** Reduces fiscal year 2011 appropriation to the University of Minnesota by $50 million and allocates $44.606 million of the cut to operations and maintenance with the balance allocated to the various system specials. Sets the base for fiscal years 2012 and 2013.

Article 6: Environment and Natural Resources

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the appropriations enacted in 2009.

3 **Pollution Control Agency.** Reduces appropriations for fiscal year 2010 by $110, 000 and for fiscal year 2011 by $99,000.

4 **Natural resources.** Reduces appropriations for fiscal year 2010 by $1.375 million and for fiscal year 2011 by $1.379 million.

5 **Metropolitan Council.** Reduces appropriations for fiscal years 2010 and 2011 by $86,000 each year.

6 **Transfers in.** Increases the transfers from the closed landfill investment fund to the general fund by $40 million in fiscal year 2011 and sets the transfer at $12 million each year for

fiscal years 2014 to 2017.

Article 7: Energy

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the appropriations enacted in 2009.

3 **Department of Commerce.** Reduces appropriations for fiscal years 2010 and 2011 by $247,000 each year.

Article 8: Agriculture

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the budget enacted in 2009.

3 **Department of Agriculture.** Reduces appropriations for fiscal year 2010 by $493,000 and for fiscal year 2011 by $492,000.

Article 9: Economic Development

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the appropriations enacted in 2009.

3 **Employment and economic development.** Reduces appropriations for fiscal years 2010 and 2011 by $285,000 each year.

4 **Housing Finance Agency.** Reduces appropriations for fiscal year 2011 by $256,000.

5 **Department of Labor and Industry.** Reduces appropriations for fiscal years 2010 and 2011 by $20,000 each year.

6 **Bureau of Mediation Services.** Reduces appropriations for fiscal years 2010 and 2011 by $16,000 each year.

7 **Minnesota Historical Society.** Reduces appropriations for fiscal years 2010 and 2011 by $168,000 each year.

Article 10: Transportation

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the appropriations enacted in 2009.

3 **Transportation.** Reduces appropriations for fiscal year 2010 by $24,000 and for fiscal year 2011 by $1.474 million.

4 **Metropolitan Council.** Reduces appropriations for fiscal years 2010 by $1.625 million and for fiscal year 2011 by $10.175 million.

Article 11: Public Safety

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the appropriations enacted in 2009.

3 **Human rights.** Reduces appropriations for fiscal years 2010 and 2011 by $79,000 each year.

Article 12: State Government

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the appropriations enacted in 2009.

3 **Governor and lieutenant governor.** Reduces appropriations for fiscal years 2010 and 2011 by $81,000 each year.

4 **Office of Enterprise Technology.** Reduces appropriations for fiscal years 2010 and 2011 by $130,000 each year.

5 **Administration.** Reduces appropriations by $100,000 for fiscal year 2010 and by $200,000 for fiscal year 2011.

6 **Management and budget.** Reduces appropriations for fiscal years 2010 and 2011 by $459,000 each year.

7 **Revenue.** Reduces appropriations by $924,000 for fiscal year 2010 and by $950,000 for fiscal year 2011.

8 **General reductions.** Requires a plan by the commissioner of management and budget to reduce agency general fund appropriations by $14 million for fiscal years 2010 and 2011, with a maximum reduction of 1.5 percent per appropriation or program.

Article 13: Aids, Credits, Refunds

Overview

Imposes the aid and credit reductions for Pay 2009 and 2010 originally included in the allotment reductions which were made void in article 1. Makes corrections to the county and city aid and credit reimbursement reductions enacted in Laws 2010, chapter 215 to reflect the voiding of the allotment reductions and the passage of the cuts in this article. Directs the commissioner of revenue to delay paying corporate franchise and sales tax refunds to shift $152 million in refund obligations from fiscal year 2011 to fiscal year 2012.

1 **Credit reductions.** Deletes a reference to the voided aid and credit reimbursement unallotments and inserts a reference to the aid and credit reduction cuts in section 2.

2 **2009 and 2010 aid reductions.** Imposes aid and market value reimbursement reductions for aids payable in 2009 and 2010 on counties, cities, and towns. These cuts are identical to, and are based on the same calculations as those imposed under the unallotments that were voided in article 1. Effective the day after final enactment and apply retroactive to aids payable in 2009.

Subd. 1. Definitions. Defines 2009 revenue base for cities, counties and towns used in making the reductions. 2009 revenue base is equal to the sum of (1) its Pay 2009 levy, (2) its Pay 2009 taconite aids, and (3) its Pay 2009 certified LGA for cities, and Pay 2009, county program aid (CPA) for counties. Defines population and adjusted net tax capacity.

Subd. 2. 2009 aid reductions. Calculates Pay 2009 reductions for cities, counties, and towns. For a county the cut is equal to 1.188968672 percent of its 2009 revenue base; for a city it is equal to the lesser of $22 per capita or 3.3127634 percent of its 2009 revenue; and for a town it is equal to the lesser of $5 per capita or 1.735103 percent of its 2009 revenue base. For cities and counties the reductions are first made from aid (LGA or CPA), and then, if necessary, from credit reimbursements. Town reductions are made from credit reimbursements. The following local governments are not subject to these cuts:

- A county with a population less than 5,000
- Mahnomen County
- Cities with a population of less than 1,000 that also had an adjusted net tax capacity per capita less than the average for all cities
- The city of St. Charles
- Towns with a population of less than 1,000 that also had an adjusted net tax capacity per capita less than the average for all towns

Subd. 3. 2010 aid reductions. Calculates Pay 2010 reductions for cities, counties, and towns. For a county the cut is equal to 2.41396687 percent of its 2009 revenue base; for a city it is equal to the lesser of $55 per capita or 7.643803025 percent of its 2009 revenue; and for a town it is equal to the lesser of $10 per capita or 3.660798 percent of its 2009 revenue base. For cities and counties the reductions are first made from aid (LGA or CPA), and then, if necessary, from credit reimbursements. Town reductions are made from credit reimbursements. These reductions are made prior to the 2010 aid and credit reductions calculated in Laws 2010, chapter 215. The following local governments are not subject to these cuts:

- A county with a population less than 5,000
- Mahnomen County
- Cities with a population of less than 1,000 that also had an adjusted net tax capacity per capita less than the average for all cities
- Towns with a population of less than 1,000 that also had an adjusted net tax capacity per capita less than the average for all towns

3 **Additional 2010 aid and credit reductions.** Modifies the city and county aid and credit reductions enacted in Laws 2010, chapter 215, by deleting references to the voided aid and credit reimbursement unallotments and inserting references to the aid and credit reduction cuts in section 2.

4 **Refunds and credits.** Reduces temporarily refund and credit programs.

Subd. 1. Political contribution credit. Temporarily suspends the political contribution refund for campaign contributions made between July 1, 2009, and June 30, 2011.

Subd. 2. Property tax refund. Modifies the formula for calculating property tax refunds based on rent paid in calendar year 2009. For this year only, rent constituting property taxes is calculated using 15 percent of rent, rather than 19 percent.

Subd. 3. Sustainable forest initiative program. Limits the maximum sustainable forest incentive refund for fiscal year 2011. Program payments for any Social Security number or tax identification number may not exceed $100,000.

5 **Levy validation.** Validates any special levies, approved by the commissioner of revenue for taxes payable in 2010, for levies of reductions in state aids under the July 2009 unallotment. This is done to ensure that the invalidation of the unallotment by the courts and under article 1 do not call into question the legality of these levies. In addition, the section clarifies that a local government may not use the special levy authority to levy for the 2008 and 2009 aid reductions.

6 **Refund delay.** Directs the commissioner of revenue to delay paying corporate franchise tax and sales tax refunds (both regular refunds and capital equipment refunds) so that $152 million in these refunds will be paid in fiscal year 2012, rather than fiscal year 2011. (Current estimates indicate that this will affect refunds expected to be paid in January through March 2011. The administration's executive actions previously delayed the payment of refunds due to be paid in April through June 2011.) The section provides that for budget reporting purposes, these refunds are to be recognized in fiscal year 2012.

The commissioner is directed to administer this provision in a way that minimizes the payment of interest. (Interest typically begins to accrue 90 days after the later of the due date of the return or the date the tax was paid. Thus, this rule would tend to favor paying refunds of claims relating to prior tax years first.) Otherwise, the commissioner is given the sole discretion to determine which refunds to delay paying.

Article 14: Special Revenue Fund

Overview

This article changes the deposit of certain dedicated revenues from the general fund to an account in the special revenue fund or another fund as specified in the following sections

1 **Postsecondary Education Board.** Payments by Minnesota State Colleges and Universities (MnSCU) to the legislative auditor to pay audit expenses for audits requested by the board of trustees.

2 **Agreements.** Funds of the attorney general for interagency legal services.

3 **Costs for providing copies of data.** Funds collected by the attorney general and the courts for providing copies of data, if the amount is sufficiently large.

4 **State surplus property.** Net proceeds of the sale of surplus state property by the Department of Administration for state agencies.

5 **Powers and duties.** Money received by the Board of Water and Soil Resources.

6 **Permit fee schedule.** Fees received by the Department of Natural Resources for underground storage are credited to an account in the natural resources fund.

7 **Grant account.** Contaminated site cleanup and development grant account is moved to special revenue fund.

8 **Federal reimbursement receipts.** Federal reimbursements received by the Department of Military Affairs.

9, 10 & 16 **Guardian ad litem; legal fees.** Money deposited by the commissioner of management and budget for Supreme Court guardian ad litem reimbursement.

11 **Deposit of revenues.** Money deposited by the commissioner of revenue from a county for the contaminated site cleanup and development grant account in the Department of Employment and Economic Development.

12 **Connection by authorized agency; fee, appropriation.** Money collected by the commissioner of public safety in conjunction with the criminal justice data communications network.

13 **Contract services; appropriations.** Fees received by the commissioner of public safety for contract services by the Capitol Complex Security Division.

14 **Application.** Application fees for the credit enhancement program collected by the Public Facilities Authority.

15 **Deduction for enforcement costs; appropriation.** Money received by the commissioner of management and budget from county treasurers for tax increment financing (TIF) and appropriated to the state auditor for reporting and auditing TIF.

17 **Penalty assessment authorized.** Amount of a fine above the statutory minimum imposed by a court for violation of the prostitution solicitation statute and appropriated to the commissioner of public safety.

18 **Reimbursement.** Repayment to the commissioner of management and budget of public defender costs by persons determined to have ability to pay and appropriated to the Board of Public Defense.

19 **Sale of wildlife lands.** Proceeds of certain lands sold by the commissioner of administration are deposited into an account in the natural resources fund and appropriated to natural resources.

Article 15: Health and Human Services

1 - 2 **Appropriations summary.** Summarizes reductions by fund and provides reductions are from the appropriations enacted in 2009.

Department of Human Services. Reduces appropriations for fiscal year 2010 by $74.177 million and in fiscal year 2011 by $82.629 million.

2 **Department of Health.** Reduces appropriations for fiscal year 2010 by $527,000 and in fiscal year 2011 by $525,000.

3 **Payments for substance abuse treatment.** Limits payment for fiscal years 2010 and 2011 to a maximum of 160 percent of the average rate on January 1, 2009, for similar vendor groups.

4 **Health protection appropriations.** Eliminates $75,000 in fiscal year 2010 for pentachlorophenol and a PFC Citizens Advisory Group.

5 **Personal care assistant; requirements.** Limits the hours of personal care services that a personal care attendant may provide and be paid for to 275 hours per month for the period July 1, 2009, through June 30, 2011.

6 **Phase-in of rebased operating payment rates.** Eliminates the partial increase of nursing facility operating payment rates that was scheduled to occur on October 1, 2009.

7 **Managed care contracts.** Increases the withhold percentage of managed care plan payments and county-based purchasing plan payments for services rendered on or after January 1, 2010, through December 31, 2010, by 1.0 percent to 4.5 percent and for services rendered on or after January 1, 2010, through December 31, 2011, by 0.5 percent.

8 **Physician reimbursement.** Reduces the payment rates under medical assistance for physician and professional services rendered on or after July 1, 2009, through June 30, 2011, by 6.5 percent over the rates in effect June 30, 2009.

9 **Critical access dental providers.** Eliminates the critical access dental provider payments for dental services provided from April 1, 2010, to June 30, 2010.

10 **Reimbursement for basic care services.** Reduces the payment rates under medical assistance for basic care services by 4.5 percent for the period July 1, 2009, through June 30, 2011.

11 **Reduction of group residential housing supplemental service rate.** States that the commissioner of human services shall decrease the group residential housing (GRH) supplementary service rate by five percent except for GRH facilities that are reimbursed as a nursing facility.

12 **Effective date.** States that this article is effective May 22, 2010, the day following final enactment.

Article 16: Health Care

Overview

This article contains provisions related to state health care programs administered by the Department of Human Services (DHS).

1 **Review and evaluation of ongoing studies.** Amends § 256.01, by adding subd. 30. Requires the commissioner of human services to review all ongoing studies, reports, and program evaluations completed by DHS for state fiscal years 2006 through 2010, and to report on any legislative appropriation and the actual cost for each item, and to make recommendations to the legislature about which items are duplicative, unnecessary, or obsolete. Requires the commissioner to repeat this review every five fiscal years.

2 **Operating payment rates.** Amends § 256.969, subd. 2b. Eliminates partial rebasing of MA inpatient hospital rates scheduled to begin January 1, 2011, and delays full rebasing, now scheduled to occur on April 1, 2012, until January 1, 2013. Also provides that a Minnesota long-term hospital shall be rebased effective January 1, 2011, and specifies the methodology for this.

3 **Payments.** Amends § 256.969, subd. 3a. Reduces MA inpatient fee-for-service hospital rates by 1.96 percent effective for admissions occurring on or after July 1, 2011. Exempts Indian Health Service facilities.

Requires managed care payments to be adjusted to reflect this reduction effective January 1, 2011.

4 **Level of need determination.** Amends § 256B.04, subd. 14a. Requires nonemergency medical transportation level of need determinations to be performed annually, rather than semiannually.

5 **Adults without children.** Amends § 256B.055, by adding subd. 15. Allows MA to be paid for a person over age 21 and under age 65, who is not pregnant, not entitled to Medicare, not an adult in a MinnesotaCare family with children, and who is not otherwise eligible for MA.

6 **Asset limitations for individuals and families.** Amends § 256B.056, subd. 3. Provides that no asset limit shall apply to persons eligible under section 256B.055, subd. 15.

7 **Income.** Amends § 256B.056, subd. 4. Sets the income standard for adults without children on MA eligible under section 256B.055, subdivision 15, at 75 percent of the federal poverty guidelines.

8 **Physical therapy.** Amends § 256B.0625, subd. 8. Requires authorization by the commissioner to provide medically necessary physical therapy services to a recipient beyond the following one-time service thresholds, except when the commissioner has established a lower threshold: (1) 80 units of any approved CPT code other than modalities; (2) 20 modality sessions; and (3) three evaluations or re-evaluations.

Provides an effective date of July 1, 2010, for fee-for-service and January 1, 2011, for managed care.

9 **Occupational therapy.** Amends § 256B.0625, subd. 8a. Requires authorization by the commissioner to provide medically necessary occupational therapy services beyond the following one-time service thresholds, except when the commissioner has established a

lower threshold: (1) 120 units of any combination of approved CPT codes; and (2) two evaluations or re-evaluations.

Provides an effective date of July 1, 2010, for fee-for-service and January 1, 2011, for managed care.

10 **Speech language pathology and audiology services.** Amends § 256B.0625, subd. 8b. Requires authorization by the commissioner to provide medically necessary speech language pathology and audiology services beyond the following onetime service thresholds, except when the commissioner has established a lower threshold: (1) 50 treatment sessions with any combination of approved CPT codes; and (2) one evaluation.

Provides an effective date of July 1, 2010 for fee-for-service and January 1, 2011 for managed care.

11 **Chiropractic services.** Amends § 256B.0625, by adding subd. 8d. Limits payment for chiropractic services to one annual evaluation and 12 visits per year unless prior authorization is obtained.

12 **Medication therapy management services.** Amends § 256B.0625, subd. 13h. Provides that if there are no pharmacists who meet the requirements to provide medication therapy management services within a reasonable geographic distance of the patient, a pharmacist who does meet the requirements may provide the services by two-way interactive video.

13 **Access to medical services.** Amends § 256B.0625, subd. 18a. Provides that MA will cover face-to-face oral language interpreter services only if the interpreter used by the provider is listed in the registry or roster established by the commissioner of health under section 144.058.

Provides a January 1, 2011, effective date.

14 **Medical supplies and equipment.** Amends § 256B.0625, subd. 31. Allows the commissioner to set reimbursement rates for specified categories of medical supplies at levels below the Medicare payment rate.

15 **Services provided in birth centers.** Amends § 256B.0625, by adding subd. 54. (a) Provides that MA covers services provided in a licensed birth center by a licensed health professional, if the service would otherwise be covered if provided in a hospital.

(b) Sets payment rates for facility services provided by a birth center at the lower of billed charges or 70 percent of the statewide average for facility payments to hospitals for uncomplicated vaginal births. If the recipient is transported from a birth center to a hospital prior to delivery, sets payments for facility services provided by the birth center at the lower of billed charges or 15 percent of the statewide average for facility payments to hospitals for uncomplicated vaginal births.

(c) Sets payment rates for nursery services at the lower of the billed charge or 70 percent of the statewide average payment rate to a hospital.

(d) Sets payments for professional services provided by licensed traditional midwives at the lower of billed charges or 100 percent of the rate paid to a physician. Prohibits billing for delivery services if a recipient is transported from a birth center to a hospital prior to delivery. States that services by an unlicensed traditional midwife are not covered.

(e) Directs the commissioner to apply for any necessary federal waivers to allow birth centers and birth center providers to be reimbursed.

Provides an effective date of July 1, 2011.

16 **Co-payments.** Amends § 256B.0631, subd. 1. Effective January 1, 2011, reduces the MA co-payment for nonemergency visits to a hospital-based emergency room from $6 to $3.50.

17 **Collection.** Amends § 256B.0631, subd. 3. Makes a conforming change related to the reduction in the co-payment for nonemergency visits to an emergency room.

18 **Reimbursement under other state health care programs.** Amends § 256B.0644. Strikes references to the coordinated care delivery system.

States that this section is effective June 1, 2010.

19 **Health care delivery systems demonstration project.** Adds § 256B.0755.

Subd. 1. Implementation. Requires the commissioner to develop and authorize a demonstration project to test alternative and innovative health care delivery systems, including accountable care organizations that provide services based on total cost of care or a risk-gain sharing payment arrangement. Requires the commissioner to develop a request for proposals and specifies requirements for the request for proposals. Also specifies requirements to participate in the demonstration project.

Subd. 2. Enrollment. Allows individuals eligible for MA or MinnesotaCare to enroll in the health care delivery system and specifies requirements related to choice of a system and assignment.

Subd. 3. Accountability. Requires health care delivery systems to accept responsibility for the quality of care and the cost of care and service utilization. Specifies provider contract requirements.

Subd. 4. Payment system. Requires the commissioner to establish a total cost of care benchmark or a risk/gain sharing payment model, and specifies related requirements.

Subd. 5. Outpatient prescription drug coverage. States that outpatient prescription drug coverage may be provided through an accountable care organization only if the delivery method qualifies for federal prescription drug rebates.

Subd. 6. Federal approval. Requires the commissioner to apply for any necessary federal waivers or approvals, and to apply for applicable grants or demonstration projects under federal health care reform.

Subd. 7. Expansion. Requires the commissioner to explore the expansion of the project to include additional MA and MinnesotaCare enrollees, and to seek Medicare participation and participation by the privately insured.

20 **Hennepin and Ramsey counties pilot program.** Adds § 256B.0756. Directs the commissioner of human services, upon federal approval of a new waiver request or amendment of an existing demonstration, to establish a pilot program in Hennepin or Ramsey County, or both, to test alternative and innovative integrated health care delivery networks. States that eligible persons are MA adults without children who reside in Hennepin or Ramsey counties. Caps pilot program enrollment at 7,000 enrollees for Hennepin County and 3,500 enrollees for Ramsey County. Specifies other criteria for the

pilot program.

21 **Managed care contracts.** Amends § 256B.69, subd. 5a. Effective for services provided on or after January 1, 2011, establishes a managed care plan performance target related to reducing the use of emergency rooms by state health care program enrollees. Sets a reduction target of five percent per year, and states that the withhold continues until the emergency room utilization rate is reduced by 25 percent.

22 **Actuarial soundness.** Amends § 256B.69, by adding subd. 5l. (a) Requires rates paid to managed care plans and county-based purchasing plans to satisfy specified requirements for actuarial soundness.

(b) Requires the commissioner to report annually, within 30 days of the establishment of plan rates, to specified legislative chairs to certify how each of the conditions for actuarial soundness have been met by the new payment rates.

23 **Information for persons with limited English-language proficiency.** Amends § 256B.69, subd. 27. Eliminates a cross-reference to a GAMC provision that was repealed.

Provides a retroactive effective date of April 1, 2010.

24 **In general.** Amends § 256B.692, subd. 1. Removes references to the prepaid general assistance medical care program.

Provides a retroactive effective date of April 1, 2010.

25 **Physician reimbursement.** Amends § 256B.76, subd. 1a. A new paragraph (d) reduces payments for physician and professional services by an additional 7 percent, for services provided on or after July 1, 2010. Certain primary care providers and services are exempt from this reduction. Also exempts physical therapy, occupational therapy, speech pathology, and mental health services.

Requires payments to managed care and county-based purchasing plans to reflect this reduction, effective October 1, 2010.

26 **Dental reimbursement.** Amends § 256B.76, subd. 2. A new paragraph (f) provides that state-operated dental clinics are to be paid effective October 1, 2010, using a cost-based payment system, based on Medicare cost-finding methods and allowable costs. States that the paragraph is effective January 1, 2011, for managed care enrollees receiving services at state-operated dental clinics.

A new paragraph (g) provides that, beginning FY 2011, if payments to state-operated dental clinics are less than $1.85 million per fiscal year, a supplemental state payment equal to the difference between payments and this specified amount is to be paid from the general fund to state-operated services for the operation of the dental clinics.

A new paragraph (h) provides that if the cost-based payment system does not receive federal approval, the state-operated dental clinics shall be designated as critical access providers.

27 **Critical access dental providers.** Amends § 256B.76, subd. 4. Modifies the criteria the commissioner must use to determine which dentists and dental clinics are critical access dental providers. Requires the commissioner to designate as critical access providers: (1) certain nonprofit community clinics; (2) federally qualified health centers, rural health clinics; (3) county owned and operated hospital-based dental clinics; (4) a dental clinic or dental group owned and operated by a nonprofit operation with more than 10,000 patient encounters per year with patients who are uninsured or covered by MA, GAMC, or MinnesotaCare; and (5) a dental clinic is associated with an oral health or dental education program operated by the University of Minnesota or an institution within the MnSCU system.

States that the section is effective July 1, 2010.

28 **Reimbursement for basic care services.** Amends § 256B.766. States that the basic care reduction applies to physical therapy, occupational therapy, and speech language pathology and related services, effective July 1, 2010. Requires the commissioner to classify these services as basic care services, effective July 1, 2010.

Requires payments made to managed care and county-based purchasing plans to reflect this change effective October 1, 2010.

29 **Medicare payment limit.** Adds § 256B.767. (a) Effective July 1, 2010, provides that fee-for-service payments for physician and professional services and basic care services shall not exceed the applicable Medicare payment rate. Requires this section to be implemented after any rate adjustment effective July 1, 2010. Requires rates to be reduced by first reducing or eliminating provider rate add-ons.

(b) Exempts services provided by advanced practice certified nurse midwives or traditional midwives from this section. Notwithstanding this exemption, provides that MA fee-for-service payment rates for advanced practice certified nurse midwives shall equal and not exceed the MA payment rate to physicians for the applicable service.

(c) Exempts mental health services or physician services billed by a psychiatrist or an advanced practice registered nurse with a specialty in mental health from this section.

30 **General assistance medical care; eligibility.** Amends § 256D.03, subd. 3. The amendment to paragraph (b) provides that GAMC coverage of pharmacy services includes medication therapy management. A new paragraph (d) specifies that for the period April 1, 2010, to May 31, 2010, GAMC covered services are those specified in subdivision 4 (services covered under the old GAMC program) rather than those services covered under the modified GAMC program.

Provides a retroactive effective date of April 1, 2010.

31 **Cooperation.** Amends § 256D.03, subd. 3b. Eliminates provisions related to GAMC coverage of persons with cost-effective insurance, effective July 1, 2010.

32 **Payment rates and contract modification; April 1, 2010, to June 30, 2010.** Amends § 256D.031, subd. 5. Provides that if MA coverage is expanded on July 1, 2010, to include adults without children: (1) GAMC services must be paid on a fee-for-service basis for the month of June, 2010; (2) fee-for-service payment rates for services other than prescription drugs must be set at 27 percent of the regular payment rate; and (3) outpatient prescription

drugs are to be paid on a fee-for-service basis at the current MA rate.

33 **Co-payments and coinsurance.** Amends § 256L.03, subd. 5. The amendment to paragraph (a) reduces the MinnesotaCare co-payment for nonemergency visits to a hospital-based emergency room from $6 to $3.50, effective January 1, 2011.

A new paragraph (g) states that provider and managed care plan payments shall not be increased due to the reduction in the co-payment.

34 **Enrollees 18 or older.** Amends § 256L.11, subd. 6. For admissions on or after July 1, 2011, for MinnesotaCare enrollees who are single adults and households without children, requires the commissioner to pay hospitals directly, up to the MA payment rate, for inpatient hospital benefits up to the $10,000 annual inpatient benefit limit, minus any copayment.

35 **Firefighters; volunteer ambulance attendants.** Amends § 256L.07, by adding subd. 9. (a) Defines a "qualified individual" as: (1) a volunteer firefighter with a department, who has passed the probationary period; and (2) a volunteer ambulance attendant.

(b) States that a qualified individual, who documents to the satisfaction of the commissioner status as a qualified individual, by completing and submitting a one-page form developed by the commissioner, is eligible for MinnesotaCare without meeting other eligibility requirements, but must pay premiums equal to the average expected capitation rate for adults with no children. Specifies that the benefit set is that provided to adults with no children.

Provides an effective date of April 1, 2011.

36 **Eligibility for other state programs.** Amends § 256L.12, subd. 5. Removes references to prepaid GAMC.

Provides a retroactive effective date of April 1, 2010.

37 **Rate setting; performance withholds.** Amends § 256L.12, subd. 9. For services provided on or after January 1, 2011, requires the commissioner to withhold an additional three percent of MinnesotaCare managed care payments. Requires the withheld funds to be returned between July 1 and July 31, 2012. Provides that return of this withhold is not subject to meeting performance targets. Allows a plan to include as admitted assets any amount withheld under the section (current law applies this provision to one paragraph within the section).

A new paragraph (d) establishes a withhold related to a performance target tied to reducing emergency room utilization, effective for services provided on or after January 1, 2011.

A new paragraph (e) reinstates language stricken elsewhere in the section.

38 **Medical assistance coverage.** Amends Laws 2009, ch. 79, art. 5, § 75, subd. 1. Expands coverage under the asthma coverage demonstration project to include home environmental assessments for triggers of asthma and in-home asthma education on the medical management of asthma by a certified asthma educator or public health nurse with asthma management training. Limits visits to two per child. Sets the home visit payment rate. Requires durable medical equipment to be covered if the item is "medically useful" rather

than "medically necessary" to reduce asthma symptoms.

39 **Expiration.** Amends Laws 2009, ch. 79, art. 5, § 78, subd. 5. Extends the expiration date for the state premium subsidy program for COBRA continuation coverage from December 31, 2010, to August 31, 2011, and extends the exemption from the four-month uninsured requirement to February 28, 2012, to reflect the extension of the federal premium subsidy program for continuation coverage.

40 **Coordinated care delivery systems.** Amends Laws 2010, art. 1, § 12, subd. 6. The amendment to paragraph (c) makes a conforming change related to extension of the temporary uncompensated care pool.

A new paragraph (k) requires the commissioner to apply to hospitals and groups of hospitals participating in the coordinated care delivery system beginning September 1, 2010, the same terms related to an enrollment threshold formula and financial liability protections as contained in coordinated care delivery system contracts effective June 1, 2010.

A new paragraph (l) states that if MA coverage for adults without children is implemented July 1, 2010, the coordinated care delivery system shall not be implemented.

41 **Payments; rate setting for the hospital coordinated care delivery system.** Amends Laws 2010, ch. 200, art. 1, § 12, subd. 7. The amendment to paragraph (a) sets coordinated care delivery system allocations to Hennepin County Medical Center, Regions Hospital, Saint Mary's Medical Center, and the University of Minnesota Medical Center, Fairview, to 110 percent of the payment amount that would otherwise apply.

A new paragraph (b) clarifies the payment method for the June quarterly payments to hospitals or groups of hospitals participating in the coordinated care delivery system.

42 **Temporary uncompensated care pool.** Amends Laws 2010, ch. 200, art. 1, § 12, subd. 8. Extends the temporary uncompensated care pool until February 28, 2011. (Under current law, the pool would have ceased operation November 30, 2010.)

43 Amends Laws 2010, ch. 200, art. 1, § 16 (retroactive MinnesotaCare coverage for GAMC recipients at renewal), by providing an effective date for that section of June 1, 2010.

44 **Repealer.** Amends Laws 2010, ch. 200, art. 1, § 21. Changes the effective date for the repeal of section 256D.03, subdivision 4 (covered benefits under the old GAMC program) from April 1 to June 1, 2010. Changes the effective date for the repeal of sections dealing with MinnesotaCare enrollees transitioned from GAMC, from January 1, 2011, to July 1, 2010.

Provides a retroactive effective date of April 1, 2010.

45 **Prepaid health plan rates.** Requires the commissioner of human services to take into account anticipated savings from expanding MA coverage to services provided in a licensed birth center when negotiating managed care contract rates.

46 **State plan amendment; federal approval.** (a) Requires the commissioner of human services to seek a state plan amendment or federal waiver, to receive federal funds for MA coverage of single adults without children.

(b) Requires the commissioner of human services to submit a waiver request or amendment

to include single adults and households with no children in the MinnesotaCare health care reform waiver.

47 **Repealer.** (a) Repeals section 256D.03, subdivisions 3 (GAMC eligibility), 3a (claims), 3b (cooperation), 5 (county share), 6 (division of costs), 7 (duties of commissioner), and 8 (private insurance) contingently upon implementation of MA coverage for adults with no children.

Paragraphs (a) and (b) repeal Laws 2010, chapter 200, article 1, sections 12 (the modified GAMC program), 18 (drug rebate program), and section 19 (phase-out of transitional MinnesotaCare) contingently upon implementation of MA coverage for adults with no children.

48 **Effective date of early enrollment in Medical Assistance.** (a) In order for sections 5 to 7 (expansion of MA coverage to include adults without children) and 20 (Hennepin and Ramsey County pilot program for these individuals) to be effective, requires the governor in office at the time of enactment of this section to direct, by executive order issued any time during that governor's term, that the commissioner of human services implement these sections.

(b) If the governor in office at the time of enactment does not issue an executive order to implement the sections, allows the succeeding governor, from the start of that governor's term until January 15, 2011, to direct by executive order the commissioner of human services to implement the sections.

(c) States that if a governor does not issue an executive order to implement the sections, the sections are not effective and do not have the force of law.

(d) In making a determination as to whether to issue an executive order, requires the governor to consider: the cost of implementation and the availability of funds, the potential for increased federal funding, the effect of implementation on access to health care services, and alternative approaches that may be available to pursue policy goals.

(e) States that if this section is found by a court to be unconstitutional, sections 5 to 7 and 20 are not effective and do not have the force of law.

This section is effective May 22, 2010, the day following final enactment.

Article 17: Continuing Care

1 **Registration information. Amends §** 144D.03, subd. 2. Expands the list of information a housing with services establishment must provide to the Minnesota Department of Health (MDH) in order to be registered to include whether services are included in the base rate to be paid by the resident.

2 **Contents of contract. Amends § 144D.04, subd. 2.** Requires a housing with services contract to include a delineation of the portion of the base rate that constitutes rent and a delineation of charges for each service included in the base rate.

3 **Uniform consumer information guide. Creates § 144D.08. R**equires housing with services establishments to make available to prospective and current residents information consistent with the uniform format and required components of a uniform consumer information guide adopted by MDH.

4 **Termination of lease. Creates § 144D.09. R**equires a housing with services establishment to include with a lease termination notice information about how to contact the ombudsman for long-term care and how to request problem-solving assistance.

5 **Uniform consumer information guide. Amends § 144G.06. R**equires the Uniform Consumer Information Guide to include information on which services may be covered by Medicare.

6 **Contribution amount.** Amends § 252.27, subd. 2a. Modifies the parental fees for children receiving MA through the Tax Equity and Fiscal Responsibility Act (TEFRA) option for the period from July 1, 2010, to June 30, 2013.

7 **Report regarding programs and services for people with disabilities.** Creates § 256.4825. Allows the Minnesota Council on Disability and other organizations to submit an annual report by January 15 of each year, beginning in 2012, to the legislature. Lists the information that must be included in the report. Requires certain commissioners to provide information to assist in the preparation of the report.

8 **Consumer information and assistance and long-term care options counseling; Senior LinkAge Line.** Amends § 256.975, subd. 7. Requires the Senior LinkAge Line service to incorporate information about registered housing with services establishments. It requires the establishments and their home care providers to provide information to facilitate price comparisons. It requires DHS and MDH to align data elements required by the Uniform Consumer Information Guide and by the Senior LinkAge Line language to provide consumers standardized information and ease of comparison for long-term care options.

9 **Employed persons with disabilities.** Amends § 256B.057, subd. 9. Clarifies that persons participating in MA-EPD may have excess earnings or assets. Removes an obsolete date. Requires the commissioner to notify enrollees annually beginning at least 24 months before a person's 65th birthday of the MA rules affecting income, assets, and treatment of a spouse's income and assets that will be applied upon reaching age 65.

Makes this section effective January 1, 2011.

10 **Personal care assistant; requirements.** Amends § 256B.0659, subd. 11. Limits the maximum number of hours per month that a personal care assistant may provide and be paid for services to 275 hours effective July 1, 2011.

11 **Rate reduction for customized living and 24-hour customized living services.** Amends § 256B.0915, subd. 3i. Reduces service component rates and service rate limits for customized living services and 24-hour customized living services by five percent, effective July 1, 2010. To implement these rate reductions, managed care organization rates are reduced by ten percent from January 1, 2011, to June 30, 2011, and by five percent after that.

12 **Phase–in of rebased operating payment rates.** Amends § 256B.441, subd. 55. Suspends nursing facility rebasing rate adjustments during the period from October 1, 2009, to September 30, 2013.

13 **Alternative services; elderly and disabled persons.** Amends § 256B.69, subd. 23. Removes obsolete language. Removes language requiring grant amounts received for this purpose to be deposited in the special revenue fund and appropriated to the commissioner to be used for actuarial and administrative costs. Closes Minnesota disability health

options (MnDHO) enrollment effective December 31, 2010. Allows the commissioner to reopen enrollment if all applicable conditions of this section are met.

14 **Effective date.** Amends Laws 2009, ch. 79, art. 8, § 51. Delays the effective date of the essential community support grants until July 1, 2011.

15 **Housing options.** Amends Laws 2009, ch. 79, art. 8, § 84. Modifies the information that must be included in a report on the availability and affordability of housing options for persons with disabilities.

16 **Commissioner to seek federal match.** Requires the commissioner to seek federal financial participation for eligible activity related to fiscal year 2010 and 2011 grants to Advocating Change Together to establish a statewide self-advocacy network for persons with developmental disabilities and for eligible activities under any future grants to the organization. Requires the commissioner to report to designated legislative committees by December 15, 2010, with the results of the application for federal matching funds

17 **ICF/MR rate increase.** Increases the daily rate at a specific ICF/MR facility in Clearwater County for the rate period from July 1, 2010, to June 30 2011.

Article 18: Children and Family Services

1 **Asset limitations for food stamp households.** Amends § 256D.0515. Modifies the Food Stamp program by eliminating the asset limit and increasing the income limit to 165 percent of federal poverty guidelines. The current income limit is 130 percent of federal poverty guidelines.

This section is effective November 1, 2010.

2 **Supplemental rate; Mahnomen County.** Amends § 256I.05 by adding subd. 1n. Increases the GRH supplemental rate for a specific facility in Mahnomen County for the rate period from July 1, 2010, to June 30, 2011.

3 **Family cap.** Amends § 256J.24, subd. 6. Amends the MFIP family cap, clarifying that the law does not apply to the mother's first child subsequent to a pregnancy that did not result in a live birth.

This section is effective September 1, 2010.

4 **Hard-to-employ participants.** Amends § 256J.425, subd. 3. Modifies the definition of "severely limits the person's ability to obtain or maintain suitable employment."

5 **Work participation cash benefits.** Amends § 256J.621. Reduces the MFIP work participation cash benefit from $50 per month to $25 per month.

Makes this section effective October 1, 2010.

Article 19: Miscellaneous

1 **Coverage of private duty nursing services.** Adds § 62Q.545. Requires a health plan to cover private duty nursing services for persons who are concurrently covered by a health plan and enrolled in medical assistance. Allows a period of private duty nursing services to be subject to the same cost-sharing as an inpatient hospital stay. Provides that the section is effective July 1, 2010, and applies to health plans offered, sold, issued, or renewed on or after that date.

2 **Minnesota couples on the brink project.** Adds § 137.32. Requires DHS to implement, within the limits of available appropriations, a Minnesota Couples on the Brink project to develop, evaluate, and disseminate best practices for promoting successful reconciliation between married couples who are considering or have commenced marriage dissolution and who choose to try reconciliation. The project must be implemented through the University of Minnesota and funded with federal grants, state appropriations, and in-kind services.

3 ~~**Schedule II and III**~~ **Controlled substances prescription electronic reporting system.** Amends § 152.126, as amended by Laws 2009, ch. 79, art. 11, §§ 9, 10, and 11. Makes a number of minor changes to the controlled substances prescription electronic reporting system, and establishes funding sources for the system.

4 **Chemical and mental health services transformation advisory task force.** Creates § 246.125.

Subd. 1. Establishment. Establishes an advisory task force which is to make recommendations to the commissioner of human services regarding the continuum of services needed to provide services to individuals who are mentally ill, chemically dependent, developmentally disabled, or have a traumatic brain injury.

Subd. 2. Duties. Lists the duties of the advisory task force.

Subd. 3. Membership. Lists the representatives who are to be appointed to the advisory group.

Subd. 4. Administration. Requires the commissioner to convene and provide administrative support for the advisory group.

Subd. 5. Recommendations. Requires the advisory group to issue recommendations to the commissioner and the legislature by December 15, 2010.

Subd. 6. Member requirement. Instructs the commissioner to pay per diem and travel to consumers or family members and whose participation is not as a paid representative of an agency.

5 **Notification to legislature required.** Creates § 246.128. Requires the commissioner to notify the legislature of any plans to redesign, close, or relocate state-operated services programs.

6 **Legislative approval required.** Creates § 246.129. Provides that if the commissioner plans to close a facility and agreement cannot be reached with the employees' bargaining units to transfer the employees to other jobs, then the commissioner must have legislative approval to close the facility. States that this provision does not apply to state-operated enterprise

services.

7 **State-operated services account.** Amends § 246.18, by adding subd. 8. Establishes the state-operated services account and requires revenue from specified programs to be deposited into this account.

8 **American Indian.** Amends § 254B.01, subd. 2. Makes a technical change to conform with amendments to the chemical dependency treatment fund.

9 **Chemical dependency treatment allocation.** Amends § 254B.02, subd. 1. Strikes the formula for the chemical dependency treatment fund allocation.

10 **Administrative adjustment.** Amends § 254B.02, subd. 5. Adjusts the administrative payment to local agencies.

11 **Division of costs.** Amends § 254B.03, subd. 4. Increases the county match for chemical dependency treatment services from 15 percent to 16.14 percent. This increase is projected to offset the loss of funds that will occur as a result of the elimination of the maintenance of effort.

12 **Division of costs for medical assistance services.** Amends § 254B.03 by adding subd. 4a. Requires counties to pay 30 percent of the nonfederal share for chemical dependency services provided on or after October 1, 2008.

13 **Regional treatment centers.** Amends § 254B.05, subd. 4. Makes a technical change striking the reference to county allocations.

14 **Allocation of collections.** Amends § 254B.06, subd. 2. Strikes references to county maintenance of effort requirements.

15 **Payments to improve services to American Indians.** Amends § 254B.09, subd. 8. Clarifies that the commissioner may set rates according to the American Indian Health Improvement Act for chemical dependency services to American Indians.

16 **Pilot projects; chemical health care.** Creates § 254B.13.

Subd. 1. Authorization for pilot projects. Allows the commissioner to approve and implement pilot projects that were developed pursuant to the state-county chemical health care home pilot project.

Subd. 2. Program design and implementation. Paragraph (a) requires the commissioner and participating counties to work together to refine and implement the pilot projects.

Paragraph (b) requires planning to be completed by June 30, 2010, and agreements entered if plans are approved by the commissioner. Implementation is not to occur until after July 1, 2010.

Subd. 3. Program evaluation. Requires the commissioner to evaluate the pilot programs and make a report to the legislature by June 30, 2013.

Subd. 4. Notice of project discontinuation. Permits discontinuation for any reason by the county or the commissioner after 30 days' written notice to the other party. Unspent funds are to be transferred to the general fund.

Subd. 5. Duties of the commissioner. Paragraph (a) grants the commissioner

authority to authorize pilot projects.

Paragraph (b) defines "nontreatment pilot services."

Paragraph (c) allows the commissioner to restructure payment schedules between the state and participating counties. Limits state expenditures to no more than what would have been spent from the chemical dependency treatment fund.

Paragraph (d) permits the commissioner to deposit unexpended funds in the special revenue fund for those pilot project regions that spend less than state fiscal year expenditures for the use of those regions in the following year. For those regions that exceed the amount expected, those regions are responsible for the excess portion of nontreatment expenses.

Paragraph (e) permits the commissioner to waive the administrative rules.

Paragraph (f) prohibits entering into any agreement that would put current or future federal funding at risk.

Subd. 6. Duties of county board. Requires the county board, or other entity administering the pilot project, to ensure that the project complies with the program design and objectives, provides chemical dependency treatment services to eligible individuals, and provide the commissioner with information as negotiated in the pilot project agreement.

17 **Term of license; fee; premarital education.** Amends § 517.08, subd. 1b. Increase the marriage license application fee by $5.00.

18 **Disposition of license fee.** Amends § 517.08, subd. 1c, as amended by Laws 2010, ch. 200, art. 1, § 17. Requires the local registrar to pass along the $5.00 increase to the commissioner of management and budget to be deposited in a special revenue account for the couples on the brink project.

19 **Requiring the development of community-based mental health services for patients committed to the Anoka-Metro Regional Treatment Center (AMRTC).** Amends Laws 2009, ch. 79, art. 3, § 18. Provides that the Chemical and Mental Health Transformation Task Force, rather than the commissioner of human services, is to recommend community-based services for patients at AMRTC. Requires these services to be established in partnership with specified providers and organizations and to be staffed by state employees. Requires savings to be used to fund supportive housing staffed by state employees.

20 **Report on human services fiscal notes.** Requires the commissioner of human services to issue a report to the legislature no later than November 15, 2010, making recommendations for the establishment of a legislative budget office which would prepare and complete fiscal notes for DHS. This office would be created in the legislative auditor's office. Lists areas that must be addressed in the report.

21 **Prescription drug waste reduction.** Requires the board of pharmacy in cooperation with listed commissioners to study prescription drug waste reduction techniques and technologies. Requires a report to the legislature by December 15, 2011.

22 **Veterinary practice and controlled substance abuse study.** Requires the Board of Pharmacy to study the issue of controlled substances being diverted from veterinary practice. Requires a report to the legislature by December 15, 2011, including recommendations on whether to include veterinarians in the prescription electronic reporting system.

23 **Data collection on health disparities.**

Subd. 1. Inventory. Requires the commissioners of health and human services to conduct an inventory of all health-related data collected by the departments.

Subd. 2. Review. Lists the components of the required data review.

Subd. 3. Report. Requires the commissioners to submit a report to the legislature by January 15, 2011.

24 **Repealer.** Paragraph (a) repeals sections 254B.02, subdivisions 2, 3, and 4; and 254B.09, subdivisions 4, 5, and 7. These repealed subdivisions all relate to calculation of the county maintenance of effort. Repeals Laws 2009, chapter 79, article 7, section 26, subdivision 3, related to chemical health pilot projects.

Paragraph (b) repeals Laws 2009, chapter 79, article 7, section 26, subdivision 3, related to the chemical health pilot project.

25 **Effective date.** Makes the sections related to county maintenance of effort, sections 8 to 11, 13 to 15, and 24, effective for claims paid on or after July 1, 2010.

Article 20: Department of Health

1 **Traumatic injury.** Amends § 13.3806, subd. 13. Adds a cross-reference for classification of data related to major traumas.

2 **Consistent administrative expenses and investment income reporting.** Amends § 62D.08, by adding subd. 7. Requires health maintenance organizations to allocate administrative expenses to specific lines of business or products when the information is available. Remaining expenses must be allocated based on recommendations of the advisory group established in the next section. The information must be reported on a template provided by MDH. This section also requires investment income to be allocated based on cumulative net income over time by business line or product.

This section is effective January 1, 2013.

3 **Advisory group on administrative expenses.** Adds § 62D.31.

Subd. 1. Establishment. Establishes the Advisory Group on Administrative Expenses to make recommendations on consistent guidelines and reporting requirements for administrative expenses by individual publicly funded programs.

Subd. 2. Membership. States that membership of the group is to be comprised of: the commissioners of health, human services, and commerce, or their designees; and representatives of HMOs and county-based purchasers appointed by the commissioner of health.

Subd. 3. Administration. Requires the commissioner of health to convene the first meeting of the advisory group and provide administrative support and staff. Allows the commissioner to contract with a consultant.

Subd. 4. Recommendations. Requires the advisory group to report

recommendations to the commissioner of health and the legislature by February 15, 2012.

Subd. 5. Expiration. States that this section expires after submission of the report or June 30, 2012, whichever is sooner.

4 **Designation.** Amends § 62Q.19, subdivision 1. Adds licensed birth centers to the list of essential community provider designations.

5 **Firearms data.** Amends § 144.05 by adding subd. 5. Modifies the general duties of the commissioner of health by prohibiting the department's collection of data on individuals related to lawful firearm ownership.

6 **Birth record surcharge.** Amends § 144.226, subd. 3. Establishes an additional surcharge of $10 for each certified birth record. This fee must be deposited in the general fund.

Provides a July 1, 2010, effective date.

7 **Duration of consent.** Amends § 144.293, subd. 4. Modifies current law related to the duration consent for the release of health records is valid, by stating that consent can be valid for any period of time stated in the consent.

8 **Statewide trauma system criteria.** Amends § 144.603. Removes obsolete language.

9 **Designation; reverification.** Amends § 144.605, subd. 2. Requires the commissioner to designate six levels of trauma hospitals. Current law requires four levels.

10 **ACS verification.** Amends § 144.605, subd. 3. Establishes levels I and II pediatric trauma hospital designations.

11 **Designation process protection.** Amends § 144.605 by adding subd. 9. Classifies all information related to designation of trauma hospitals as private data on individuals and nonpublic data under Minnesota Statutes, chapter 13.

12 **Trauma registry.** Adds § 144.6071. Re-codifies the trauma registry statute that is repealed under section 24 by requiring the commissioner of health to establish and maintain a major trauma registry. Requires trauma hospitals to participate in the statewide registry by electronically submitting information to the registry. Permits the commissioner to adopt rules to implement this section. Limits liability related to reporting information under this section.

Classifies data collected by the commissioner under this registry as private data on individuals and nonpublic under Minnesota Statutes, chapter 13. Requires the commissioner to annually report data from the registry on designated trauma hospitals.

13 **Trauma advisory council established.** Amends § 144.608, subd. 1. Modifies the membership of the Trauma Advisory Council.

14 **Birth Centers.** Adds § 144.615. Establishes state licensure for birth centers.

Subd. 1. Definitions. Defines "birth center;" "CABC;" and "low-risk pregnancy" for purposes of this section.

Subd. 2. License required. Requires birth centers to be licensed beginning

January 1, 2011, in order to operate in the state.

Subd. 3. Temporary license. Provides a process for issuing a temporary license that would be valid for a six-month period while a birth center awaits accreditation.

Subd. 4. Application. Requires that the license application and fee be submitted to the commissioner of health on a form provided by the commissioner and specifies information that it must contain.

Subd. 5. Suspension, revocation, and refusal to renew. Permits the commissioner to refuse to grant or renew, or to suspend or revoke a license to operate a birth center on the same grounds as such action may be taken against a hospital under section 144.55, subdivision 6.

Subd. 6. Standards for licensure. Requires that a birth center be accredited by the Commission for the Accreditation of Birthing Centers (CABC) and have procedures in place for specifying patient risk status in order to obtain a state license. Requires birth centers to provide the commissioner, upon request, with any documentation submitted to the CABC during the accreditation process.

Subd. 7. Limitations of services. Limits procedures that may be performed at a birth center: surgical procedures must be limited to those done during an uncomplicated birth; abortions must not be administered; and general and regional anesthesia must not be administered.

Subd. 8. Fees. Imposes a biennial licensing fee of $365 and a $365 fee for a temporary license. Requires that fees be collected and deposited according to the same provisions has fees are collected for hospitals.

Subd. 9. Renewal. Requires renewal of a birth center license every two years, except that a temporary license expires after six months and may be renewed for one additional six-month period.

Subd. 10. Records. Subjects records maintained at birth centers to the Minnesota Health Records Act.

Subd. 11. Report. Requires the commissioner of health, with the commissioner of human services and representatives of the licensed birth centers, to evaluate the quality of care and outcomes of services provided in birth centers. Requires a report to the legislature by January 15, 2014.

15 **Definitions.** Amends § 144.651, subd. 2. Modifies the definition of "patient" for purposes of the Health Care Bill of Rights by including a person who receives care at a licensed birth center.

16 **Blood lead level guidelines.** Amends § 144.9504 by adding subd. 12. (a) Requires the commissioner to revise clinical and case management guidelines by January 1, 2011. Specifies that these guidelines must include recommendations for protective action and follow-up services for child blood lead levels that exceed 5 µg/dL. Requires the new guidelines to be implemented to the extent possible with available resources.

(b) Requires the commissioner of health to consult with certain entities and organizations

when revising the guidelines for blood lead levels greater than 5 µg/dL.

17 **Health facility.** Amends § 144A.51, subd. 5. Modifies the definition of "health facility" for purposes of oversight of the Office of Health Facility Complaints by including birth centers.

18 **Comprehensive advanced life support.** Amends § 144E.37. Makes conforming change to section 22. Establishes a July 1, 2010, effective date.

19 **Health plan and county administrative cost reduction; reporting requirements.** Permits health plans and county-based purchasers to complete an inventory of data collection and reporting requirements and submit the list to the commissioners of health and human services. Permits that the report to the commissioners may include information on administrative time and expense attributed to fulfilling reporting requirements. Requires the commissioners, upon receipt of such a report, to submit to the legislature recommendations as to whether action should be taken to streamline reporting requirements.

20 **Vendor accreditation simplification.** Requires the Minnesota Hospital Association to coordinate with the Minnesota Credentialing Collaborative to make recommendations to the legislature on uniform credentialing standards for vendors and providers in hospitals and clinics.

21 **Application process for health information exchange.** Requires the commissioner of health, when applying for additional federal funds to support a state health information exchange, to ensure applications are made through an open process that gives service providers equal opportunity to receive funds.

22 **Transfer.** Transfers the powers and duties of the Emergency Medical Services Regulatory Board (EMSRB) with respect to the comprehensive advanced life-support educational program, under current Minnesota Statutes, section 144E.37, to the commissioner of health, effective July 1, 2010.

23 **Revisor's instruction.** Provides an instruction to the Revisor to move the comprehensive advanced life-support educational program's statutory reference to a Department of Health chapter; Minnesota Statutes, chapter 144.

24 **Repealer.** Repeals Minnesota Statutes, section 144.607 (trauma registry).

Article 21: Public Health

1 **Distribution of funds.** Amends § 62J.692, subd. 4. Modifies the uses of distributed medical education funds by specifying that $150,000 must be used to support internationally trained, legal resident, physicians who commit to serving the underserved.

2 **Establishing fees; definitions.** Amends § 157.16, subd. 3. Provides that youth camps that pay additional food and beverage establishment fees need not pay additional youth camp fees too.

3 **Fees; manufactured home parks and recreational camping areas.** Amends § 327.15, subd. 3. Provides that operators of a manufactured home park shall pay only one base fee.

4 **Food support for children with severe allergies.** Directs the commissioner of human services to seek a federal waiver for the supplemental nutrition assistance program in order to increase the income eligibility to 375 percent of federal poverty guidelines for infants and children in order to treat or manage life-threatening food allergies.

Article 22: Health Care Reform

Overview

This article contains provisions related to the implementation of federal health care reform.

1 **Relationship to temporary federal risk pool.**

Subd. 1. Definitions. Defines "the association" as the Minnesota Comprehensive Health Association (MCHA), which is Minnesota's high-risk health insurance pool for people who cannot get coverage in the regular private market due to preexisting health conditions. Defines "the federal law" as the section of the 2010 federal health reform law that requires the federal government to create and sponsor a new federal temporary high risk pool, which will begin about July 1, 2010, and end in 2014, in each state that desires one. Defines "federal qualified high risk pool" as the type of high-risk pool provided for under "the federal law" defined above.

Subd. 2. Timing of this section. Makes this section apply beginning as of the date a federal qualified high risk pool begins providing coverage in Minnesota.

Subd. 3. Maintenance of effort. Requires that the dollar-amount of assessments made by the association (MCHA) comply with the federal law's maintenance of (state) effort requirement for state risk pool funding, to the extent that the federal requirement applies to the assessments.

Subd. 4. Coordination with state health care programs. Requires the commissioner of human service and MCHA to ensure that applicants for coverage under the federal high-risk pool or the association (MCHA) are referred to medical assistance or MinnesotaCare if they may be qualified for those state programs. Requires the commissioner of human services to ensure that applicants for coverage under MA or MinnesotaCare, if determined to be not eligible for those programs, are provided with information about coverage under the federal high-risk pool and the association.

Subd. 5. Federal funding. Requires the state to coordinate its efforts with the U.S. Department of Health and Human Services to obtain the federal funds to implement the federal qualified high-risk pool in Minnesota.

2 **Coordinated care through a health home.** Adds § 256B.0756.

Subd. 1. Provision of coverage. (a) Requires the commissioner to provide MA coverage of health home services for eligible individuals with chronic conditions who select a designated provider, a team of health care professionals, or a health team as the individual's health home.

(b) Requires the commissioner to implement this section in compliance with the requirements of the Patient Protection and Affordable Care Act (the federal health care reform act). States that terms used in this section have the meaning provided in the federal act.

Subd. 2. Eligible individual. Defines eligible individuals as persons who are eligible for MA and have: (1) two chronic conditions; (2) one chronic condition and are at risk of having a second chronic condition; or (3) one serious and persistent mental health condition.

Subd. 3. Health home services. (a) Defines health home services as comprehensive and timely high-quality services that are provided by a health home. States that these services include: (1) comprehensive care management; (2) care coordination and health promotion; (3) comprehensive transitional care; (4) patient and family support; (5) referral to community and social support services; and (6) use of health information technology to link services.

(b) Requires the commissioner to maximize the number and type of services included in this subdivision, to the extent permissible under federal law, including physician, outpatient, mental health treatment, and rehabilitation services necessary for comprehensive transitional care following hospitalization.

Subd. 4. Health teams. Requires the commissioner to establish health teams to support the patient-centered health home and to provide health home services. Requires the commissioner to apply for grants or contracts available under federal health care reform legislation to establish health teams and provide capitated payments to primary care providers. Defines health teams.

Subd. 5. Payments. Directs the commissioner to make payments to each health home and health team for the provision of health home services to eligible individuals.

Subd. 6. Coordination. Requires the commissioner, to the extent feasible, to ensure that the requirements and payment methods for health homes and health teams are consistent with state requirements for health care homes. Allows the commissioner to modify requirements and payment methods for health care homes to be consistent with federal health home requirements and payment methods.

Subd. 7. State plan amendment. Requires the commissioner to submit a state plan amendment by January 1, 2011, to implement this section.

Provides that the section is effective January 1, 2011, or upon federal approval, whichever is later.

3 **Federal health care reform demonstration projects and grants.** (a) Requires the commissioner of human services to seek to participate in the following demonstration projects or apply for the following grants, as described in federal health care reform legislation:

(1) demonstration project to evaluate integrated care around a hospitalization;

(2) Medicaid global payment demonstration project;

(3) pediatric accountable care organization demonstration project;

(4) Medicaid emergency psychiatric demonstration project; and

(5) grants to provide incentives for prevention of chronic diseases in Medicaid.

(b) Requires the commissioner of human services to report to specified legislative chairs and ranking minority members on the status of the demonstration project and grant applications, and if accepted as a participant or awarded a grant, to notify the chairs and ranking minority members of any legislative changes needed to implement the projects or grants.

(c) Requires the commissioner of health to apply for federal grants available under the federal health care reform bill to fund wellness and prevention and health improvement programs. Requires the commissioner, to the extent permitted under federal law, to use the state health improvement program to implement these grant programs.

4 Health Care Reform Task Force.

Subd. 1. Task force. Requires the governor to convene a Health Care Reform Task Force to advise and assist the governor and the legislature in implementing federal health care reform legislation. Specifies membership of the task force and requires the Departments of Health, Human Services, and Commerce to provide staff support. Also allows the task force to accept outside resources.

Subd. 2. Duties. Requires the task force, by December 15, 2010, to develop and present to the legislature and governor a preliminary report and recommendations on state implementation of federal health care reform legislation. Requires the report to contain recommendations on state law and program changes necessary to comply with federal reform legislation, and recommendations for implementing federal reform provisions that are optional for states. In developing recommendations, requires the task force to consider the extent to which an approach maximizes federal funding to the state. Also requires the task force, in consultation with the governor and the legislature, to establish timelines and criteria for future reports.

5 American Health Benefit Exchange; planning provisions.

Subd. 1. Federal planning grants. Requires the commissioners of commerce, health, and human services to apply for federal grants made available in the federal health reform legislation. The grants will pay for state planning for state health insurance exchanges required under that legislation.

Subd. 2. Consideration of early creation and operation of exchange. Requires the commissioners referenced in subdivision 1 to analyze the advantages and disadvantages to the state of planning to implement a health insurance exchange before the January 1, 2014, federal deadline for states to do so. Requires the commissioners to provide a written report to the legislature on that subject by December 15, 2010.

Article 23: Human Services Forecast Adjustments

Makes conforming adjustments to appropriations. See spreadsheet for details.

Article 24: Human Services Contingent Appropriations

1 **Summary of human services appropriations.** Summarizes direct appropriations, by fund, made in this article.

2 **Health and human services contingent appropriations.** Specifies that these appropriations are in addition to appropriations made in 2009 and specifies the fiscal years in which the appropriations are made. Makes appropriations in section 3 for fiscal year 2011 upon enactment of the extension of the enhanced federal medical assistance percentage.

3 **Commissioner of human services.** Appropriates money in fiscal year 2011 to the commissioner of human services for MinnesotaCare grants, MA basic health care grants, long-term care facilities grants, long-term care waivers and home care grants, and chemical dependency entitlement grants.

4 **Hospice care.** Amends § 256B.0625, subd. 22. Specifies that recipients age 21 or under who elect to receive hospice services do not waive coverage for services that are related to treatment of the condition for which a diagnosis of terminal illness has been made. Makes this section effective retroactive from March 23, 2010.

5 **Definitions.** Amends § 256B.0911, subd. 1a. Corrects a cross-reference.

6 **Additional portion of nonfederal share.** Amends § 256B.19, subd. 1c. Reduces Hennepin County IGT monthly payments for the period October 1, 2008, to December 30, 2010, from $566,000 to $434,688, to comply with federal requirements prohibiting increases in the percentage of MA costs paid for by local units of government. Extends this lower payment amount through June 30, 2011, if the federal government extends the enhanced federal medical assistance percentage (FMAP) through that date. Also makes changes in a provision dealing with payment to Metropolitan Health Plan, to reflect changing federal matching rates.

7 **Premium determination.** Amends § 256L.15, subd. 1. Under current law, paragraph (c) of this subdivision is set to expire on June 30, 2010. This section specifies that if the expiration of this provision is in violation of federal law, this provision will expire on the date when it is no longer in violation of the American Recovery and Reinvestment Act of 2009. Requires the commissioner of human services to notify the revisor of statutes of that date.

8 **Effective date.** Amends Laws 2009, ch. 173, art. 3, § 24. Modifies the effective date of coverage for new household members for MinnesotaCare to comply with federal MOE requirements contained in the American Recovery and Reinvestment Act of 2009.

9 **Effective date.** Amends Laws 2009, ch. 79, art. 5, § 17. Modifies an effective date related to MA and MinnesotaCare self-employment to comply with federal MOE requirements contained in the American Recovery and Reinvestment Act of 2009.

10 **Effective date.** Amends Laws 2009, ch. 79, art. 5, § 18. Modifies an effective date related to modification of asset reduction for MA applicants to comply with federal MOE requirements contained in the American Recovery and Reinvestment Act of 2009.

11 **Effective date.** Amends Laws 2009, ch. 79, art. 5, § 22. Modifies an effective date related to long-term care services period of ineligibility to comply with federal MOE requirements contained in the American Recovery and Reinvestment Act of 2009.

12 **Effective date.** Amends Laws 2009, ch. 79, art. 8, § 4. Changes the nursing facility level of care effective date from January 1, 2011, to July 1, 2011, to comply with federal MOE requirements.

13 **Effective date.** Amends Laws 2009, ch. 173, art. 1, § 17. Modifies an effective date related to pooled trust exclusions to comply with federal MOE requirements contained in the American Recovery and Reinvestment Act of 2009.

Article 25: Health and Human Services Appropriations

See spreadsheet for details.