

A bill for an act  
relating to health; changing the public program volume factor for MERC  
from revenue to charges; amending Minnesota Statutes 2006, section 62J.692,  
subdivision 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 62J.692, subdivision 4, is amended to read:

Subd. 4. **Distribution of funds.** (a) The commissioner shall annually distribute  
90 percent of available medical education funds to all qualifying applicants based on a  
distribution formula that reflects a summation of two factors:

(1) an education factor, which is determined by the total number of eligible trainee  
FTEs and the total statewide average costs per trainee, by type of trainee, in each clinical  
medical education program; and

(2) a public program volume factor, which is determined by the total volume of  
public program ~~revenue received~~ charges submitted by each training site as a percentage of  
all public program ~~revenue received~~ charges submitted by all training sites in the fund pool.

In this formula, the education factor is weighted at 67 percent and the public program  
volume factor is weighted at 33 percent.

Public program ~~revenue~~ charges for the distribution formula ~~includes revenue from~~  
include charges for medical assistance, prepaid medical assistance, general assistance  
medical care, and prepaid general assistance medical care submitted for payment to this  
state and to contiguous states. Training sites that ~~receive~~ have no public program ~~revenue~~  
charges are ineligible for funds available under this paragraph. Total statewide average  
costs per trainee for medical residents is based on audited clinical training costs per trainee  
in primary care clinical medical education programs for medical residents. Total statewide

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average costs per trainee for dental residents is based on audited clinical training costs per trainee in clinical medical education programs for dental students. Total statewide average costs per trainee for pharmacy residents is based on audited clinical training costs per trainee in clinical medical education programs for pharmacy students.

(b) The commissioner shall annually distribute ten percent of total available medical education funds to all qualifying applicants based on the percentage received by each applicant under paragraph (a). These funds are to be used to offset clinical education costs at eligible clinical training sites based on criteria developed by the clinical medical education program. Applicants may choose to distribute funds allocated under this paragraph based on the distribution formula described in paragraph (a).

(c) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

(d) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds allocated under paragraph (a) to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the Department of Education or the Centers for Medicare and Medicaid Services, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

(1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

(e) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

(f) The commissioner shall distribute by June 30 of each year an amount equal to the funds transferred under subdivision 10, plus five percent interest to the University of Minnesota Board of Regents for the instructional costs of health professional programs at the Academic Health Center and for interdisciplinary academic initiatives within the Academic Health Center.

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- 3.1 (g) A maximum of \$150,000 of the funds dedicated to the commissioner under  
3.2 section 297F.10, subdivision 1, paragraph (b), clause (2), may be used by the commissioner  
3.3 for administrative expenses associated with implementing this section.