

(b) The sum of \$100,000 is appropriated from the general fund for the purpose of documenting and maintaining the commission's computer program services. The sum is available for the fiscal biennium ending June 30, 1983.

Sec. 28. Laws 1981, Chapter 357, Section 5, Subdivision 6, is amended to read:

Subd. 6. Board of Boxing and Wrestling	32,600	33,600
Approved Complement - 1		

Sec. 29. Laws 1975, Chapter 226, Section 4, as amended by Laws 1979, Chapter 311, Section 1, is amended to read:

Sec. 4. Section 1 is effective for taxable years commencing after December 31, 1975 ~~and shall, unless reenacted, expire after the taxable year ending December 31, 1981.~~

Sec. 30. **REPEALER.**

Subdivision 1. Minnesota Statutes 1980, Section 273.135, Subdivision 4, is repealed.

Subd. 2. Laws 1981, Chapter 357, Sections 78, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, and 99, are repealed.

Sec. 31. **EFFECTIVE DATE.**

Sections 1, 2, 3, 4, 17 and 22 are effective the day following final enactment. Sections 11 and 12 are effective for iron ore produced after December 31, 1980. Section 23 is effective on the day after compliance with Minnesota Statutes, Section 645.021, Subdivision 3, by the governing body of the city of New Brighton. Section 24 is effective on the day after compliance with Minnesota Statutes, Section 645.021, Subdivision 3, by the governing body of the city of Shoreview.

Sections 28 and 30, subdivision 2, are effective the day after final enactment. Notwithstanding Minnesota Statutes, Section 645.34, or other law, the effect of section 30, subdivision 2, is to maintain the law as it exists without the amendments repealed by that section.

Approved June 6, 1981

CHAPTER 2 -- H.F.No. 2

An act relating to state government; supplementing appropriations for the expenses of state government with certain conditions; increasing foundation aid, transportation aid, and special education aid to school districts; increasing aid for scholarships and private college contracts; increasing medical assistance for nursing home residents and others; expanding the definition of claimant agencies for purposes of the revenue

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. Summer School

136,000

This appropriation is for 1982 summer school programs and shall be added to the amount appropriated for 1982 summer school programs in Laws 1981, Chapter 358, Article I, Section 50, Subdivision 2.

Subd. 3. Special Education Aid

5,153,000

5,858,000

The appropriation for the first year is for aid for fiscal year 1982 payable in fiscal year 1982. The appropriation for the second year includes \$572,600 for aid for fiscal year 1982 payable in fiscal year 1983, and \$5,285,400 for aid for fiscal year 1983 payable in fiscal year 1983. These appropriations are added to the amounts appropriated for special education aid in Laws 1981, Chapter 358, Article III, Section 21, Subdivision 2.

Sec. 3. HIGHER EDUCATION
COORDINATING BOARD

4,076,300

2,673,700

\$2,763,800 the first year and \$1,361,200 the second year is for scholarships and grants-in-aid, and \$1,312,500 the first year and \$1,312,500 the second year is for private college contracts.

Sec. 4. PUBLIC WELFARE

Medical Assistance for Nursing Home Residents and Others

9,900,000

19,500,000

This appropriation shall be added to the amounts appropriated for medical assistance in Laws 1981, Chapter 360, Article I, Section 2, Subdivision 4, and is for the purpose of providing for reserved bed days for residents of long term care facilities; paying for restorative and maintenance therapy; establishing a drug formulary; increasing the amount of liquid assets that the spouse of a person residing in a nursing home may retain; changing the percentage increase on limits for payments to medical assistance vendors from 8 percent to 10 percent in each year of the biennium; and changing the base year for vendor reimbursements from the 50th percentile of

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1978 usual and customary fees to the 50th percentile of 1979 usual and customary fees.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 5. Laws 1981, Chapter 358, Article I, Section 21, Subdivision 1, is amended to read:

Sec. 21. [124.2122] BASIC FOUNDATION AID.

Subdivision 1. **FORMULA ALLOWANCE.** "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. The formula allowance shall be ~~\$1,318 for 1980 payable 1981 levies~~ and ~~\$1,333~~ for foundation aid for the 1981-1982 school year. The formula allowance shall be ~~\$1,400~~ \$1,416 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year.

Sec. 6. Laws 1981, Chapter 358, Article I, Section 45, is amended to read:

Sec. 45. LEVY ADJUSTMENTS.

In 1981, the maximum levy limitation under Minnesota Statutes, Section 275.125, Subdivision 2a or 2e, as applicable, for each district shall be reduced by any difference between the amount of the basic maintenance levy certified by the district in 1980 and the amount of the 1980 basic maintenance levy limitation which would have been computed for the district using a formula allowance of ~~\$1,318~~ \$1,333.

Sec. 7. Minnesota Statutes 1980, Section 124.223, as amended by Laws 1981, Chapter 358, Article II, Section 2, is amended to read:

124.223 TRANSPORTATION AID AUTHORIZATION.

School transportation and related services for which state transportation aid is authorized are:

(1) **TO AND FROM SCHOOL; BETWEEN SCHOOLS.** (a) Through the 1981-1982 school year, transportation or board of resident pupils who reside one mile or more from the public schools which they could attend, or transportation to, from, or between the schools they attend pursuant to a program approved by the commissioner of education, or who reside one mile or more from a nonpublic school actually attended, but only to the extent permitted by sections 123.76 to 123.79 with respect to nonpublic school pupils;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(b) Beginning in the 1982-1983 school year, transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to, from, or between the schools the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79;

(2) **OUTSIDE DISTRICT.** Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) **SECONDARY VOCATIONAL CENTERS.** Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) **HANDICAPPED.** Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to the requirement in clause (1) that the pupil reside at least one mile from school in order for the transportation to qualify for aid;

(5) **BOARD AND LODGING: NONRESIDENT HANDICAPPED.** When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) **SHARED TIME.** Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) **FARIBAULT STATE SCHOOLS.** Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) **SUMMER SCHOOL.** Services described in clauses (1) to (7) and clauses (9) and (10) when provided in conjunction with a state board approved summer school program;

(9) **COOPERATIVE ACADEMIC AND VOCATIONAL.** Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) **NONPUBLIC SUPPORT SERVICES.** Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 8. Minnesota Statutes 1980, Section 124.225, Subdivision 6, as amended by Laws 1981, Chapter 358, Article II, Section 7, is amended to read:

Subd. 6. **INFLATION FACTORS.** The total authorized predicted cost per weighted FTE determined for a district under subdivision 3 for 1979-1980 shall be increased by ~~28~~ 26 percent. The total authorized predicted cost per weighted FTE determined for a district under subdivision 3 for 1980-1981 shall be increased by ~~25~~ 22 percent.

Sec. 9. Laws 1981, Chapter 358, Article II, Section 15, Subdivision 2, is amended to read:

Subd. 2. **TRANSPORTATION AID.** For transportation aid there is appropriated:

~~\$121,096,032~~ \$122,546,032.....1982,

~~\$126,068,514~~ \$122,018,514.....1983.

(a)(1) The appropriation for 1982 includes \$10,553,000 for aid for fiscal year 1981 payable in fiscal year 1982 and ~~\$110,193,032~~ \$111,643,032 for aid for fiscal year 1982 payable in fiscal year 1982.

(2) The appropriation for 1983 includes ~~\$12,243,448~~ \$12,403,448 for aid for fiscal year 1982 payable in fiscal year 1983 and ~~\$113,475,066~~ \$109,265,066 for aid for fiscal year 1983 payable in fiscal year 1983.

(b)(1) The appropriation for fiscal year 1982 includes an amount not to exceed \$350,000, payable in fiscal year 1982, for excess handicapped aid for fiscal year 1981, pursuant to Minnesota Statutes 1980, Section 124.225, Subdivision 8b.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(2) The appropriation for fiscal year 1983 includes an amount not to exceed \$350,000, payable in fiscal year 1983, for excess handicapped aid for fiscal year 1982, pursuant to Minnesota Statutes 1980, Section 124.225, Subdivision 8b.

Sec. 10. Minnesota Statutes 1980, Section 124.32, Subdivision 1, as amended by Laws 1981, Chapter 358, Article III, Section 11, is amended to read:

Subdivision 1. (a) For the 1981-1982 and 1982-1983 school years, the state shall pay to any district for the employment in its educational program for handicapped children 65 68.8 percent of the salary of essential personnel for the normal school year for each full time person employed, or a prorata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

(b) Beginning in the 1983-1984 school year and each year thereafter, the state shall pay to any district for the employment in its educational program for handicapped children 70 percent of the salary of essential personnel for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

Sec. 11. Minnesota Statutes 1980, Section 124.32, Subdivision 1a, as amended by Laws 1981, Chapter 358, Article III, Section 12, is amended to read:

Subd. 1a. **FOUNDATION AID FORMULA ALLOWANCE.** For purposes of this section, "foundation aid formula allowance" shall have the meaning attributed to it in ~~Article I, Section 24, Subdivision 4~~ section 5 of this act, and "summer school revenue allowance" shall have the meaning attributed to it in Laws 1981, Chapter 358, Article I, Section 17 ~~of this act~~. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Sec. 12. Minnesota Statutes 1980, Section 256B.02, Subdivision 8, as amended by Laws 1981, Chapter 360, Article II, Section 26, is amended to read:

Subd. 8. "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of such cost:

- (1) Inpatient hospital services.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(2) Skilled nursing home services and services of intermediate care facilities. Payment shall be made only for days on which the eligible individual is in the nursing home or facility.

(3) Physicians' services.

(4) Outpatient hospital or clinic services.

(5) Home health care services.

(6) Private duty nursing services.

(7) No payments shall be made pursuant to this chapter directly to physical therapists, occupational therapists, speech pathologists and audiologists. Prescribed restorative therapy and specialized maintenance therapy which must be provided by physical therapists, occupational therapists, speech pathologists and audiologists in a nursing home, boarding care home or supervised living facility shall be included in the per diem rate of the facility. Specialized maintenance therapy which must be provided by a therapist shall not include ambulation, passive range of motion, transfer and activities of daily living, and teaching and follow-up which are considered nursing care services. Payments to medicare-certified rehabilitation agencies shall be limited to payments for physician services and prescribed restorative therapy provided by physical therapists, occupational therapists, speech pathologists and audiologists. Physical therapy and related services.

(8) Dental services, excluding cast metal restorations.

(9) Laboratory and x-ray services.

(10) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall prescribe a drug formulary. Payments for prescribed drugs shall be limited as follows, unless prior authorization for exceptions is received from the commissioner: (a) One prescription per maintenance drug per month; and (b) Three prescriptions per month per recipient. "Drug formulary" means the list of drugs approved by the commissioner upon the advice of the drug formulary committee that are reimbursable under the state medical assistance program. Promulgation and publication of the formulary shall be exempt from the requirements of chapter 15. The formulary shall not include: (a) Drugs lacking FDA approval for safety and efficacy; (b) Over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under age 7; (c) Nutritional products; (d) Anorectics; and (e) Drugs for which medical value has not been established. The drug formulary committee shall review all drugs and advise the commissioner as to their inclusion or exclusion from the drug formulary. The formulary committee shall be comprised of one representative each of: the university of Minnesota's school of dentistry, school of medicine and college of pharmacy; the Minneso-

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

~~ta medical association; the Minnesota state pharmaceutical association; the department of health, and the department of public welfare. The commissioner or his agent shall serve as secretary to the committee. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall not be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following the effective date of this section. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of public welfare, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of public welfare, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two year terms and shall serve without compensation. Promulgation of the formulary shall be consistent with the requirements of section 15.0412, subdivision 5. Payment to drug vendors shall not be modified before the formulary is promulgated. The commissioner may promulgate conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.~~

(11) Diagnostic, screening, and preventive services.

(12) Health care pre-payment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act.

(13) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(14) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by non-ambulatory persons in obtaining emergency or non-emergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be non-ambulatory.

(15) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining non-emergency medical care.

(16) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law.

Sec. 13. Minnesota Statutes 1980, Section 256B.03, as amended by Laws 1981, Chapter 360, Article II, Section 27, is amended to read:

256B.03 PAYMENTS TO VENDORS.

Subdivision 1. **GENERAL LIMIT.** All payments for medical assistance hereunder must be made to the vendor.

Subd. 2. **LIMIT ON ANNUAL INCREASE TO LONG-TERM CARE PROVIDERS.** Notwithstanding the provisions of sections 256B.42 to 256B.48, Laws 1981, Chapter 360, Article II, Section 2, or any other provision of chapter 360, and rules promulgated under those sections, rates paid to a skilled nursing facility or an intermediate care facility, including boarding care facilities and supervised living facilities, except state owned and operated facilities, for ~~the first rate year~~ years beginning during the biennium ending June 30, 1983, shall not exceed by more than ~~eight~~ ten percent the final rate allowed to the facility for the preceding rate year.

Notwithstanding provisions of Minnesota Statutes, Section 256B.45, Subdivision 1, the commissioner shall not increase the percentage for investment allowances.

Sec. 14. Minnesota Statutes 1980, Section 256B.06, Subdivision 1, as amended by Laws 1981, Chapter 360, Article II, Section 28, is amended to read:

Subdivision 1. Medical assistance may be paid for any person:

(1) Who is eligible for or receiving public assistance under the aid to families with dependent children program; or

(2) Who is eligible for or receiving supplemental security income for the aged, blind and disabled; or

(3) Who except for the amount of income or resources would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children and is in need of medical assistance; or

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(4) Who is under 21 years of age and in need of medical care that neither he nor his relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(5) Who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(6) Who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(7) Who alone, or together with his spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant as his dwelling place, together with the land upon which it is situated and an area no greater than two contiguous lots in a platted or laid out city or town or the smallest parcel allowed under applicable zoning regulations in unplatted land. Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price or unless sale of the real estate would net an insignificant amount of income applicable to the family's needs, or unless the commissioner determines that sale of the real estate would cause undue hardship; and

(8) Who individually does not own more than \$2,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does not own more than \$4,000 in cash or liquid assets, plus \$200 for each additional legal dependent; ~~except that.~~ When only one spouse resides, or will reside after applying for medical assistance, in a nursing home, or is receiving or will receive alternative care under the alternative care grants program in a county with preadmission screening under section 256B.091, the cash or liquid asset amount for two family members is \$10,000. The value of the following shall not be included:

(a) the homestead, and (b) one motor vehicle licensed pursuant to Minnesota Statutes, Chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e; and

(9) Who has or anticipates receiving an annual income not in excess of \$2,600 for a single person, or \$3,250 for two family members (husband and wife, parent and child, or two siblings), plus \$625 for each additional legal dependent, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the regulations of the state agency. In computing income to determine eligibility of persons who are not residents of

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long term care facilities, the commissioner shall disregard increases in income of social security or supplementary security income recipients due solely to increases required by sections 215(i) and 1617 of the social security act, and shall disregard income of disabled persons that is also disregarded in determining eligibility for supplemental aid under section 256D.37, subdivision 1, unless prohibited by federal law or regulation. If prohibited, the commissioner shall first seek a waiver. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred; and

(10) Who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of public welfare, is to be applied to the cost of institutional care. The commissioner of public welfare may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care and shall seek a waiver from federal regulations which establish the amount required to be contributed by either spouse when one spouse is a nursing home resident; and

(11) Who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 15. Minnesota Statutes 1980, Section 256B.08, is amended to read:

256B.08 APPLICATION.

An applicant for medical assistance hereunder, or a person acting in his behalf, shall file his application with a county agency in such manner and form as shall be prescribed by the state agency. When a married applicant resides in a nursing home or applies for medical assistance for nursing home services, the county agency shall consider an application on behalf of the applicant's spouse only upon specific request of the applicant or upon specific request of the spouse and separate filing of an application.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 16. Laws 1981, Chapter 360, Article II, Section 2; is amended to read:

~~[256.967]~~ Subdivision 1. All payments for vendors of medical care under ~~medical assistance and~~ general assistance medical care shall be limited to based upon this standard: the 50th percentile of usual and customary fees based upon medical assistance billings during calendar year 1978. All payments for vendors of medical care under medical assistance shall be limited to the 50th percentile of usual and customary fees based upon billings during calendar year 1979 for physician services, dental care, vision care, podiatric services, chiropractic care, physical therapy, occupational therapy, speech pathologists, audiologists, mental health centers, psychologists, public health clinics, and independent laboratory and x-ray services.

[256D.03] [Subd. 4.] Subd. 2. GENERAL ASSISTANCE MEDICAL CARE. (a) Notwithstanding the provisions of Minnesota Statutes, Sections 256D.01 to 256D.21 and 261.23, or any other law to the contrary, for the biennium ending June 30, 1983, state aid shall be paid to local agencies or counties for 90 percent of general assistance medical care paid by the local agency or county on behalf of persons eligible for general assistance or persons meeting the income and resource criteria established in the program for aid to families with dependent children. Nothing in this provision shall be construed to modify the spenddown required in appropriate cases for general assistance medical care. Reimbursement for medical care provided under Minnesota Statutes, Sections 256D.01 to 256D.21 or 261.23 shall be limited to the following categories of service only: inpatient hospital care, outpatient hospital care, prescription drugs, physician's services, medical transportation, and dental care. In addition, payments of state aid shall be made for medications prescribed for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization.

(b) At the option of the county board and with the approval of the commissioner of public welfare, reimbursement for inpatient hospital care, outpatient hospital care, and prescription drugs may be limited to designated medical care providers.

(c) The commissioner of public welfare may reduce payments provided under Minnesota Statutes, Sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions. Reductions below the cost per service unit allowable under ~~medical assistance pursuant to chapter 256B~~ Laws 1981, Chapter 360, Article II, Section 1, shall be permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 45 percent; payments for all other inpatient hospital care may be reduced no more than 35 percent; ~~and payments.~~ Reductions below the payments

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

allowable under subdivision 1 of this section for the remaining general assistance medical care services allowable under this provision may be reduced no more than 25 percent.

(d) If the commissioner or county refuses to pay all or part of the charge for a health service, they shall not be liable for the unpaid portion of the charge. Any county may, from its own resources, provide medical payments for which state payments are not made.

Sec. 17. **[246.511] RELATIVE RESPONSIBILITY.**

Notwithstanding the provisions of Laws 1981, Chapter 360, Article I, Section 2, Subdivision 5, the commissioner of public welfare shall determine what part of the cost of care for state hospital treatment a patient or his relatives are able to pay. In no case, shall a patient's relatives, pursuant to the commissioner's authority under Minnesota Statutes, Section 246.51, be ordered to pay more than ten percent of the cost of care, unless they reside outside the state.

Sec. 18. **BUDGET REVIEW CONTINUED.**

The policy of the 72nd legislature shall be to continue to review the 1982-83 state budget during the interim between the 1981 and 1982 sessions in order to find cost savings to further reduce expenditures in the biennium budget.

Sec. 19. Minnesota Statutes 1980, Section 270A.02, is amended to read:

270A.02 **PURPOSE.**

The purpose of ~~sections 270A.01 to 270A.12~~ chapter 270A is to establish a system of collecting debts owed to state government or to certain local governmental units by applying any of the debtor's tax refunds to the amount of his debt. To further this purpose a policy of cooperation is established between the department of revenue and claimant agencies in identifying individuals who both owe a claimant agency money and qualify for a tax refund.

Sec. 20. Minnesota Statutes 1980, Section 270A.03, Subdivision 2, is amended to read:

Subd. 2. "Claimant agency" means any state agency, as defined by section 15.0411, subdivision 2, ~~and~~ any district court of the state, any county, and any public agency responsible for child support enforcement.

Sec. 21. Minnesota Statutes 1980, Section 270A.03, Subdivision 5, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 5. "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment. A debt does not include any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant.

Sec. 22. Minnesota Statutes 1980, Section 290.067, Subdivision 2, is amended to read:

Subd. 2. **LIMITATIONS.** *The credit for expenses incurred for the care of each dependent shall not exceed \$400 in any taxable year, and the total credit for all dependents of a claimant shall not exceed \$800 in a taxable year. The total credit shall be reduced by five percent of the amount by which the combined federal adjusted gross income of the claimant and his spouse, if any, exceeds \$15,000. A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of a married claimant only one spouse may claim the credit. ~~No expense for which a medical expense deduction is claimed pursuant to section 290.09, subdivision 10, shall be claimed as a dependent care expense.~~*

Sec. 23. Minnesota Statutes 1980, Section 290.09, Subdivision 10, is amended to read:

Subd. 10. **MEDICAL EXPENSES.** *Payments (not compensated for by insurance or otherwise) for medical, dental, and other expenses for hospital, nursing, medical, surgical, dental, and other healing services, including institutional care and treatment for the mentally ill and physically handicapped and the cost, feeding and maintenance expenses of a guide dog for a blind or deaf person, as defined in section 290.06, subdivision 3c, clauses (4) (d) and (h), and for medical supplies and ambulance hire, incurred by the taxpayer on account of sickness, mental illness, physical handicap or personal injury to himself or his dependents and premiums paid for hospitalization and medical insurance including nonprofit hospital service and nonprofit medical service plans. Payments for traveling expenses shall not be deductible under the provisions of this subdivision. Payments for hotel or similar lodging expenses shall be deductible in the same manner as payments for hospital services, if the taxpayer or his dependent is not hospitalized but is nevertheless required to remain in a medical center away from his usual place of abode, for the purpose of receiving prescribed medical treatment as provided and as limited by section 213 of the Internal Revenue Code of 1954, as amended through December 31, 1980.*

Sec. 24. **EFFECTIVE DATE; EFFECT.**

Sections 5, 6, and 11 of this act are not effective if the appropriation for foundation aid in section 2, subdivision 1 of this act is not finally enacted.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Section 10 of this act is not effective if the appropriation for special education aid in section 2, subdivision 3 of this act is not finally enacted. Sections 19 to 21 are effective for refunds payable after December 31, 1981. Sections 22 and 23 are effective for taxable years beginning after December 31, 1981.

Approved June 6, 1981

CHAPTER 3 — H.F.No. 3

An act relating to the financing of state and local government; rescheduling certain payment dates; providing for deduction of federal income tax on the accrual basis; requiring declaration and estimated payment of gross earnings taxes by telephone and telegraph companies; amending Minnesota Statutes 1980, Sections 273.13, Subdivision 15a; 273.136, Subdivision 3; 290.09, Subdivision 4; 290.10; 290.18, Subdivision 2; 290.37, Subdivision 3; 290A.07, Subdivisions 2, 3 and by adding a subdivision; 477A.13; proposing new law coded in Chapters 295, and 477A.

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

Section 1. Minnesota Statutes 1980, Section 273.13, Subdivision 15a, is amended to read:

Subd. 15a. **GENERAL FUND, REPLACEMENT OF REVENUE.** (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 6, 7, and 14a.

(2) Each county auditor shall certify, not later than May 1 of each year commencing in 1968 to the commissioner of revenue the amount of reduction resulting from subdivisions 6 and 7 in his county, and not later than May 1 of each year commencing in 1970, the amount of reduction resulting from subdivision 14a. In 1975 and subsequent years, this certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

(3) Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under clause (2). On or before July 15, 1975 1981, and each year thereafter, the commissioner of revenue shall pay to each taxing district ~~one-half~~ one-sixth of ~~their distribution~~ its total payment for

Changes or additions are indicated by underline, deletions by ~~strikeout~~.