

Subd. 6a. FISCAL AGENT BANK. The commissioner may enter into an agreement with a suitable bank or banks located within or outside the state to authenticate, issue, pay principal and interest on, cancel or otherwise deal with certificates of indebtedness issued pursuant to this section, for an agreed compensation.

Sec. 6. Minnesota Statutes 1980, Section 298.294, is amended to read:

298.294 INVESTMENT OF FUND.

The fund established by section 298.292 shall be invested pursuant to law and the net interest and dividends arising from the investment shall be included and become part of the fund; ~~provided that the governor may authorize the state treasurer to borrow an amount not exceeding 50 percent of the amount in the fund for a period terminating no later than December 31, 2001. The state treasurer, pursuant to the authorization, shall issue notes pledging the full faith and credit of the state for the purpose of repayment, and the notes shall bear interest at five percent per annum until paid.~~

Sec. 7. **REPEALER.**

Minnesota Statutes 1980, Section 7.08, is repealed.

Sec. 8. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

Became law without the governor's signature January 15, 1982

CHAPTER 3 — H.F.No. 4

An act relating to public welfare; changing certain provisions governing aid to families with dependent children as authorized or required by federal law; changing or adding provisions governing definitions, eligibility standards, payment levels and amounts, income disregards, budgeting methods, child support or maintenance orders; eliminating a stepparents' general support duty and specifying the amount of stepparent income to be considered available in determining need; eliminating coverage of the unborn; extending medical assistance coverage to certain pregnant women; amending Minnesota Statutes 1980, Sections 256.12, Subdivision 14, and by adding subdivisions; 256.73, Subdivisions 3a, 5, and 6; 256.736, Subdivisions 3 and 4; 256.74, Subdivision 1, and by adding a subdivision; 256.99; and 256B.07; Minnesota Statutes 1981 Supplement, Sections 256.73, Subdivision 2; 256.872, Subdivision 1, and by adding a subdivision; 256B.06, Subdivision 1; and 518.551, Subdivision 7; proposing new law coded in Minnesota Statutes, Chapter 256; repealing Minnesota Statutes 1980, Section 256.935, Subdivision 2; and Minnesota Statutes 1981 Supplement, Section 257.021.

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

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

Section 1. Minnesota Statutes 1980, Section 256.12, Subdivision 14, is amended to read:

Subd. 14. **DEPENDENT CHILD.** "Dependent child," as used in sections 256.72 to 256.87 and 256.872, means a child under the age of 18 years, or a child under the age of 19 years who is regularly attending as a full time student ~~at~~, and is expected to complete before reaching age 19, a high school, ~~college, or university, or regularly attending as a full time student in or~~ a secondary level course of vocational or technical training designed to fit him for gainful employment, who is found to be deprived of parental support or care by reason of the death, continued absence from the home, physical or mental incapacity of a parent, ~~or who is a child of an unemployed father parent as that term is defined~~ by the commissioner of public welfare, such definition to be consistent with, and not to exceed minimum standards established by the congress of the United States and the secretary of health, ~~education and welfare~~ human services, and whose relatives, liable under the law for his support are not able to provide adequate care and support of ~~such~~ the child, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece in a place of residence maintained by one or more of ~~such~~ these relatives as his or their home.

The term "dependent child" ~~shall also mean~~ means a child who has been removed from the home of a relative after a judicial determination that continuance in the home would be contrary to the welfare and best interests of the child and whose care and placement in a foster home or a private licensed child care institution is, in accordance with the rules ~~and regulations~~ of the commissioner, the responsibility of the state or county agency under sections 256.72 to 256.87. This child is eligible for benefits only through the foster care and adoption assistance program contained in Title IV-E of the Social Security Act, 42 U.S.C. 670 to 676, and is not entitled to benefits under sections 256.72 to 256.87.

Sec. 2. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 20. ASSISTANCE UNIT. "Assistance unit" means the group of individuals whose needs or income, or both, are taken into account in determining eligibility for or the amount of a grant of assistance under sections 256.72 to 256.87.

Sec. 3. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 21. CARETAKER RELATIVE. "Caretaker relative" means a relative specified by rule to be an eligible relative and who exercises responsibility for the care and control of the dependent child.

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

Sec. 4. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 22. PRINCIPAL EARNER. "Principal earner" means, in a home where both parents of the dependent child live, the parent who earned the greater amount of income in the 24-month period immediately preceding the month of application.

Sec. 5. Minnesota Statutes 1981 Supplement, Section 256.73, Subdivision 2, is amended to read:

Subd. 2. ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY. ~~Except as provided in clause (3), the Ownership by the father, mother, child, children, or any combination thereof, of property as follows shall be is a bar to any allowance under sections 256.72 to 256.87:~~

(1) Real property other than the homestead, ~~except as described in clause (3).~~ For the purposes of this section "homestead" means the house owned and occupied by the applicant child, relative or other member of the assistance unit 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 or 80 contiguous acres in unplatted land; or~~

(2) Personal property of a reasonable market an equity value in excess of \$400 \$1,000 for a one child recipient or \$600 for more than one child recipient the entire assistance unit, exclusive of personal property used as the home, one automobile, insurance carried by a parent which does not exceed a cash surrender value of \$500 motor vehicle of an equity value not exceeding \$1,500, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, the earnings of a dependent child which are placed in a savings account to be used for a future purpose approved by the county agency in accordance with the rules of promulgated by and standards established by the commissioner of public welfare, and such property that produces a net income applicable to the family's needs.

(3) Real estate not used as a home which produces net income applicable to the family's needs, which the family is making a continuing effort to sell at a fair and reasonable price, or the sale of which would net an insignificant amount of income applicable to the family's needs or would cause undue hardship, as determined by the commissioner, shall not be a bar to an allowance under sections 256.72 to 256.87. Net income shall be the residue after payment from gross income of taxes, insurance, maintenance, and interest on encumbrances, if any, on the property, provided that in computing net income the gross income shall not be charged with any expenses toward betterment of the property as improvements or by payment on the principal of a mortgage; provided, that the net income thus derived shall be applied on the family budget.

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

Sec. 6. Minnesota Statutes 1980, Section 256.73, Subdivision 3a, is amended to read:

Subd. 3a. **PERSONS INELIGIBLE.** No assistance shall be given under sections 256.72 to 256.87:

(1) On behalf of any person who is receiving supplemental security income under title XVI of the social security act unless permitted by federal regulations;

(2) For any month in which the assistance unit's gross income, without application of deductions or disregards, exceeds 150 percent of the standard of need for a family of the same size and composition. If a stepparent's income is taken into account in determining need, the disregards specified in section 12 shall be applied to determine income available to the assistance unit before calculating the unit's gross income for purposes of this paragraph;

(3) To any assistance unit for any month in which any caretaker relative with whom the child is living is, on the last day of that month, participating in a strike;

(4) On behalf of any other individual in the assistance unit, nor shall the individual's needs be taken into account, for any month in which, on the last day of the month, the individual is participating in a strike;

(5) To an assistance unit if its eligibility is based on a parent's unemployment and the parent who is the principal earner, without good cause, fails or refuses to participate in the work incentive program under section 256.736, to accept employment, or to register with a public employment office, unless the principal earner is exempt from these work requirements.

Sec. 7. Minnesota Statutes 1980, Section 256.73, Subdivision 5, is amended to read:

Subd. 5. **PREGNANT WOMEN WITH NO CHILDREN.** (a) For the purposes of sections 256.72 to 256.87, dependent children shall include the unborn assistance payments shall be made during the final three months of pregnancy and, insofar as possible, the provisions applicable to dependent children shall also be applicable to the unborn during the final three months of pregnancy to a woman who has no other children but who otherwise qualifies for assistance. No payments shall be made for the needs of the unborn or for any special needs occasioned by the pregnancy except as provided in clause (b). The commissioner of public welfare shall promulgate, pursuant to the administrative procedures act, regulations rules to implement this subdivision.

(b) The commissioner may, according to rules, make payments for the purpose of meeting special needs occasioned by or resulting from pregnancy both for a pregnant woman with no other children as well as for a pregnant woman receiving assistance as provided in sections 256.72 to 256.87. The special needs payments shall be dependent upon the needs of the pregnant woman and the

resources allocated to the county by the commissioner and shall be limited to payments for medically recognized special or supplemental diet needs and the purchase of a crib and necessary clothing for the future needs of the unborn child at birth.

Sec. 8. Minnesota Statutes 1980, Section 256.73, Subdivision 6, is amended to read:

Subd. 6. **REPORTS BY RECIPIENT.** Each recipient shall complete reports as requested by the local or state agency. All ~~net earned or unearned~~ income not specifically disregarded by the social security act, the code of federal regulations, or state law, rules and regulations, shall be income applicable to the budgetary needs of the family. If any amount of aid to families with dependent children assistance is paid to a recipient thereof in excess of the payment due it shall be recoverable by the local agency. ~~If the agency notifies the recipient in writing of an overpayment due solely to local agency error within three months after the overpayment, the agency may commence recovery of the overpayment during the year after the notification is received by the recipient.~~ The agency shall give written notice shall inform to the recipient of the agency's its intention to recover the overpayment. Overpayments to a current assistance unit shall be recovered either through repayment by the individual in part or in full or by reducing the amount of aid payable to the assistance unit of which the individual is a member. For any month in which an overpayment must be recovered, recoupment may be made by reducing the grant but only if the reduced assistance payment, together with the assistance unit's liquid assets and total income after deducting actual work expenses equals at least 95 percent of the standard of need for the assistance unit, except that if the overpayment is due solely to agency error, this total after deducting actual work expenses shall equal at least 99 percent of the standard of need. In cases when there is both an overpayment and underpayment the local agency shall offset one against the other in correcting the payment. The recipient may appeal the agency's determination that an overpayment has occurred in accordance with section 256.045. The county agency shall promptly repay the recipient for any underpayment and shall disregard that payment when determining the assistance unit's income and resources in the month when the payment is made and the following month.

Sec. 9. Minnesota Statutes 1980, Section 256.736, Subdivision 3, is amended to read:

Subd. 3. **OPERATION OF PROGRAM.** To determine who shall be designated as an appropriate individual for certification to the commissioner of economic security, the commissioner of public welfare shall provide standards for county welfare agencies and human services boards consistent with the standards promulgated by the secretary of health, ~~education, and welfare~~ human services. County welfare agencies shall certify appropriate individuals to the commissioner of economic security and shall require that every individual, as a condition of

receiving aid to families with dependent children, register for employment services, training, and employment, unless such individual is:

(1) a child who is under age 16 or, a child age 16 or 17 who is attending elementary or secondary school or a secondary level vocational or technical school full time, or a full-time student age 18 who is attending a secondary school or a secondary level vocational or technical program and who is expected to complete the school or program before reaching age 19;

(2) a person who is ill, incapacitated or of advanced age;

(3) a person so remote from a work incentive project that his effective participation is precluded;

(4) a person whose presence in the home is required because of illness or incapacity of another member of the household;

(5) ~~a mother~~ parent or other caretaker relative of a child under the age of six who is caring personally provides full-time care for the child; or

(6) ~~the mother or other female caretaker of a child if the father or another adult male relative is in the home and not excluded by clause (1), (2), (3), or (4), unless he has failed to register as required by this subdivision or has been found by the commissioner of economic security to have refused without good cause to participate under a work incentive program or accept employment~~ a parent or other caretaker if another adult relative in the house is registered and has not, without good cause, failed or refused to participate or accept employment; or

(7) a parent who is not the principal earner if the parent who is the principal earner is not exempt under clauses (1) to (6).

Any individual referred to in clause (5) shall be advised of ~~her~~ the option to register for employment services, training, and employment if ~~she~~ the individual so desires, and shall be informed of the child care services, if any, which will be available to ~~her in the event she should decide if~~ the individual decides to register.

If, after planning with a recipient, a decision is made that ~~he~~ the recipient must register for employment services, training, and employment, the county welfare department shall give notice in writing to the individual recipient stating that ~~he or she~~ must register with the commissioner of economic security for participation in a work incentive program and that ~~he~~ the recipient has a right to a fair hearing under section 256.045 with respect to the appropriateness of ~~his~~ the registration.

Sec. 10. Minnesota Statutes 1980, Section 256.736, Subdivision 4, is amended to read:

Subd. 4. **CONDITIONS OF CERTIFICATION.** The commissioner of public welfare shall:

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

(1) Arrange for or provide any relative or child certified to the commissioner of economic security pursuant to this section with child-care services and other necessary family services;

(2) Pay ten percent of the cost of programs of training and employment established by the commissioner of economic security for persons certified hereunder;

(3) Provide that in determining a recipient's needs any monthly incentive training payment made to the recipient by the department of economic security is disregarded and the additional expenses attributable to his participation in a program are taken into account in grant determination; and

(4) Provide that when it has been certified by the commissioner of economic security, certification to be binding upon the commissioner of public welfare, that a relative or child certified under the work incentive program to the commissioner of economic security has been found by the commissioner, after a hearing conducted in the manner prescribed by section 268.10, subdivision 3, with the right of review in accordance with the provisions of section 268.10, subdivision 8, to have refused without good cause to participate under a work incentive program or to have refused without good cause to accept a bona fide offer of public or other employment, the county welfare departments shall provide that:

(a) If the relative makes the refusal, the relative's needs shall not be taken into account in making the grant determination, and aid for any dependent child in the family will be made in the form of vendor payments.

(b) Aid with respect to a dependent child will be denied if a child who makes the refusal is the only child receiving aid in the family.

(c) If there is more than one child receiving aid in the family, aid for the child who makes the refusal will be denied and his needs will not be taken into account in making the grant determination; and

(d) ~~Notwithstanding the other provisions of this subdivision, the county welfare department shall, for a period of 60 days after notification of the commissioner of economic security determination of refusal without cause to participate in a program of training or employment, make vendor payments on behalf of the relative specified or continue aid in the case of a child specified, if during the 60 day period the child or relative accepts counseling or other services which the county welfare department shall make available for the purpose of assisting the child or relative to participate in a program in accordance with the determination of the commissioner of economic security. If the assistance unit's eligibility is based on the principal earner's unemployment and the principal earner fails or refuses without good cause to participate or to accept employment, the entire assistance unit is ineligible for benefits under sections 256.72 to 256.87.~~

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Sec. 11. Minnesota Statutes 1980, Section 256.74, Subdivision 1, is amended to read:

Subdivision 1. **AMOUNT.** The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for such the dependent child shall be determined by the county agency with due regard to the resources and necessary expenditures of the family and the conditions existing in each case and in accordance with the rules and regulations made promulgated by the state agency commissioner and shall be sufficient, when added to all other income and support available to the child, to provide such the child with a reasonable subsistence compatible with decency and health. The amount shall be based on the method of budgeting required in Public Law No. 97-35, Section 2315, 42 U.S.C. 602, as amended and federal regulations at 45 C.F.R. Section 233. In making its determination the county agency shall exclude disregard the following from family income:

(1) All of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment;

(2) All educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance; and

(3) The first \$75 of each individual's earned income. In the case of an individual not engaged in full-time employment or not employed throughout the month the commissioner shall prescribe by rule a lesser amount to be disregarded. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) An amount equal to the actual expenditures but not to exceed \$160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed throughout the month, the commissioner shall prescribe by rule a lesser amount to be disregarded; and

(5) The first \$30 Thirty dollars plus one-third of the remainder of the combined monthly earnings of any dependent child not included under clause (1), and any adult who is a recipient of aid for families with dependent children each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare

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agency shall not disregard under this clause (2) any earned income of any person who has:

(a) ~~Reduced his earned income without good cause within 30 days preceding any month in which an assistance payment is made; or~~

(b) ~~Refused without good cause to accept an offer of suitable employment;~~
or

(c) Left employment or reduced his earnings without good cause and applied for assistance so that he might later return to employment with the advantage of the income disregard; or

(d) Failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of public welfare.

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment. ~~If an individual without good cause leaves employment or reduces his earnings and applies for assistance so that he might later return to employment with advantages of income disregard, he shall not have the benefit of the disregard of income provisions.~~

The disregard of \$30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clause (5)(a) to (5)(d) shall be considered as one of the four months. To again qualify for this earned income disregard, the individual must not be a recipient of aid for a period of 12 consecutive months. If an individual becomes ineligible for aid because this earned income disregard has been applied to income for four consecutive months and will no longer be applied to income, the local agency shall inform the individual of the medical assistance program, its standards of eligibility, and the circumstances under which the individual would be eligible for medical assistance.

Sec. 12. Minnesota Statutes 1980, Section 256.74, is amended by adding a subdivision to read:

Subd. 1a. STEPPARENT'S INCOME. In determining income available, the county agency shall take into account the remaining income of the dependent child's stepparent who lives in the same household after disregarding:

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(1) The first \$75 of the stepparent's gross earned income. The commissioner shall prescribe by rule lesser amounts to be disregarded for stepparents who are not engaged in full-time employment or not employed throughout the month;

(2) An amount for support of the stepparent and any other individuals whom the stepparent claims as dependents for tax purposes and who live in the same household but whose needs are not considered in determining eligibility for assistance under sections 256.72 to 256.87. The amount equals the standard of need for a family of the same composition as the stepparent and these other individuals;

(3) Amounts the stepparent actually paid to individuals not living in the same household but whom the stepparent claims as dependents for tax purposes; and

(4) Alimony or child support, or both, paid by the stepparent for individuals not living in the same household.

Sec. 13. [256.851] RULES.

The commissioner of public welfare shall promulgate temporary and permanent rules necessary to implement sections 1 to 19.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 256.872, Subdivision 1, is amended to read:

Subdivision 1. **WITHHOLDING ORDER.** Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, has been determined and ordered by a court of this state, the public agency responsible for child support enforcement may move and the district or county court shall grant an order providing for the withholding of the amount of child support or maintenance as determined by court order, from the income, regardless of source of the person obligated to pay the support or maintenance. If the public agency responsible for child support enforcement determines that the obligor's arrearages have accumulated for more than one month, and if the agency is not pursuing another appropriate remedy, the agency shall move the district or county court for an order for withholding under this section or shall document a reason or reasons why withholding would not result in payment being made. "Income" means any form of periodic payments to an individual, including, but not limited to, wages, salary, income as an independent contractor, workers' compensation, unemployment compensation, annuity, military and naval retirement, pension and disability payments.

Sec. 15. Minnesota Statutes 1981 Supplement, Section 256.872, is amended by adding a subdivision to read:

Subd. 4. REPORT. The commissioner shall report to the appropriate legislative committees by January 15, 1983, on the extent to which the local

public agencies responsible for child support enforcement comply with this section and with sections 518.54 to 518.66.

Sec. 16. Minnesota Statutes 1980, Section 256.99, is amended to read:
256.99 REVERSE MORTGAGE PROCEEDS DISREGARDED.

All reverse mortgage loan proceeds received pursuant to section 47.58, including interest or earnings thereon, shall be disregarded and shall not be considered available to the borrower for purposes of determining initial or continuing eligibility for, or amount of, medical assistance ~~or any other public assistance program~~, Minnesota supplemental assistance, general assistance, general assistance medical care, or a federal or state low interest loan or grant. This section applies regardless of the time elapsed since the loan was made or the disposition of the proceeds.

Sec. 17. Minnesota Statutes 1981 Supplement, Section 256B.06, Subdivision 1, is amended to read:

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

(1) Who is eligible for or receiving public assistance, or a woman who is pregnant, as medically verified, and who would be eligible for assistance under the aid to families with dependent children program if the child had been born and living with the woman; 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

(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~~

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under applicable zoning regulations 80 contiguous acres in unplatted land. Occupancy or exemption shall be determined as provided in chapter 510 and applicable law, including continuing exemption by filing notice under section 510.07. 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. 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 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 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

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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. 18. Minnesota Statutes 1980, Section 256B.07, is amended to read:
256B.07 EXCEPTIONS IN DETERMINING RESOURCES.

A local agency may, within the scope of regulations set by the commissioner of public welfare, waive the requirement of liquidation of excess assets when the liquidation would cause undue hardship. Household goods and furniture in use in the home, wearing apparel, insurance policies with cash surrender value not in excess of \$1,500 per insured person, personal property used as a regular abode by the applicant or recipient, a prepaid funeral contract not in excess of \$750 per person plus accrued interest of not more than \$200, and a lot in a burial plot shall not be considered as resources available to meet medical needs.

Sec. 19. Minnesota Statutes 1981 Supplement, Section 518.551, Subdivision 7, is amended to read:

Subd. 7. **SERVICE FEE.** When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support. No fee shall be imposed on the party who requests child support collection services.

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However, the limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, 42 U.S.C. 601 to 613 and 42 U.S.C. 651 to 662.

Sec. 20. REPEALER.

Minnesota Statutes 1980, Section 256.935, Subdivision 2; and Minnesota Statutes 1981 Supplement, Section 257.021, are repealed.

Sec. 21. EFFECTIVE DATE.

Sections 1 to 20 are effective February 1, 1982

Approved January 19, 1982