This act is effective the day following its final enactment.

Approved June 2, 1987

CHAPTER 370—H.F.No. 1112

An act relating to human services; creating client advisory committees; defining the term "vendor of medical care" for medical assistance; authorizing the commissioner to examine records; providing for a study for a Minnesota institute of health; creating a commission on health plan regulatory reform; regulating public assistance liens; appropriating money; amending Minnesota Statutes 1986, sections 62A.046; 176.191, subdivision 4; 214.06, subdivision 1; 256B.02, subdivision 7, and by adding a subdivision; 256B.042, subdivisions 2, 3, and by adding subdivisions; 256B.064, subdivision 1c; 256B.27, subdivisions 3 and 4; 256B.37, subdivisions 1, 2, and by adding subdivisions; 256D.03, by adding a subdivision; 259.40, subdivisions 1, 2, and 3; 268.121; 473.405, subdivision 13; 514.69; proposing coding for new law in Minnesota Statutes, chapters 252 and 256.

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

ARTICLE 1

Section 1. Minnesota Statutes 1986, section 214.06, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any law to the contrary, the commissioner of health as authorized by section 214.13, all health-related licensing boards and all non-health-related licensing boards shall by rule, with the approval of the commissioner of finance, adjust any fee which the commissioner of health or the board is empowered to assess a sufficient amount so that the total fees collected by each board will as closely as possible equal anticipated expenditures during the fiscal biennium, as provided in section 16A.128. For members of an occupation registered after July 1, 1984 by the commissioner of health under the provisions of section 214.13, the fee established must include an amount necessary to recover, over a five-year period, the commissioner's direct expenditures for adoption of the rules providing for registration of members of the occupation. All fees received shall be deposited in the state treasury. Fees received by health-related licensing boards must be credited to the special revenue fund. Any balance remaining in the special revenue fund at the end of each fiscal year, after payment of health-related licensing board expenses including salaries, attorney general fees, and indirect costs, must be credited to the public health fund.

Sec. 2. **[252.33] CLIENT ADVISORY COMMITTEES.**

Subdivision 1. **DEFINITION.** For purposes of this section, the following terms have the meanings given:

(a) "Client advisory committee" means a group of clients who represent client interests to supervisors and employers in vocational programs.

(b) "Consumer-controlled organization" means a self-advocacy organization which is controlled by a board having a majority of people with developmental disabilities.

Subd. 2. **COMMITTEES DEVELOPED.** The commissioner of jobs and training, through the division of rehabilitation resources, shall contract with a consumer-controlled organization to develop client advisory committees in vocational settings in developmental achievement centers, and state hospitals, and to allocate resources and technical assistance to client advisory committees in sheltered workshops as defined in section 129A.01.

Subd. 3. **PURPOSES.** A client advisory committee enables clients working in vocational settings to advocate for themselves with regard to matters of common interest. A client advisory committee may address any issue related to the vocational setting, including personnel policies, wages, hours of work, kinds of work, transportation to and from the workplace, and behavior problems. A client advisory committee may also meet to develop the skills and knowledge needed to represent fellow clients, such as decision-making skills, assertiveness, and awareness of public policies affecting people with developmental disabilities.

Subd. 4. **MEMBERSHIP.** Members of a client advisory committee must be elected by clients who work at the vocational setting.

Sec. 3. Minnesota Statutes 1986, section 256B.02, subdivision 7, is amended to read:

Subd. 7. "Vendor of medical care" means any person or persons furnishing, within the scope of the vendor's respective license, any or all of the following goods or services: medical, surgical, hospital, optical, visual, dental and nursing services; drugs and medical supplies; appliances; laboratory, diagnostic, and therapeutic services; nursing home and convalescent care; screening and health assessment services provided by public health nurses; health care services provided at the residence of the patient if the services are performed by a public health nurse and the nurse indicates in a statement submitted under oath that the services were actually provided; and such other medical services or supplies provided or prescribed by persons authorized by state law to give such services and supplies. The term includes, but is not limited to, directors and officers of corporations or members of partnerships who, either individually or jointly with another or others, have the legal control, supervision, or responsibility of submitting claims for reimbursement to the medical assistance program. The term only includes directors and officers of corporations who personally receive a portion of the distributed assets upon liquidation or dissolution, and their liability is limited to the portion of the claim that bears the same proportion to the total claim as their share of the distributed assets bears to the total distributed assets.

Sec. 4. Minnesota Statutes 1986, section 256B.064, subdivision 1c, is amended to read:

Subd. 1c. The commissioner may obtain monetary recovery for the conduct described in subdivision 1a by the following methods: assessing and recovering moneys erroneously paid and debiting from future payments any moneys erroneously paid, except that patterns need not be proven as a precondition to monetary recovery for false claims, duplicate claims, claims for services not medically necessary, or false statements. The commissioner may charge interest on money to be recovered if the recovery is to be made by installment payments or debits. The interest charged shall be the rate established by the commissioner of revenue under section 270.75.

Sec. 5. Minnesota Statutes 1986, section 256B.27, subdivision 3, is amended to read:

Subd. 3. The commissioner of human services, with the written consent of the recipient, on file with the local welfare agency, shall be allowed access to all personal medical records of medical assistance recipients solely for the purposes of investigating whether or not: (a) a vendor of medical care has submitted a claim for reimbursement, a cost report or a rate application which ~~the vendor knows to be~~ is duplicative, erroneous, or false in whole or in part, or which results in the vendor obtaining greater compensation than the vendor is legally entitled to; or (b) the medical care was medically necessary. The vendor of medical care shall receive notification from the commissioner at least 24 hours before the commissioner gains access to such records. The determination of provision of services not medically necessary shall be made by the commissioner in consultation with an advisory committee of vendors as appointed by the commissioner on the recommendation of appropriate professional organizations. Notwithstanding any other law to the contrary, a vendor of medical care shall not be subject to any civil or criminal liability for providing access to medical records to the commissioner of human services pursuant to this section.

Sec. 6. Minnesota Statutes 1986, section 256B.27, subdivision 4, is amended to read:

Subd. 4. **AUTHORIZATION OF COMMISSIONER TO EXAMINE RECORDS.** A person determined to be eligible for medical assistance shall be deemed to have authorized the commissioner of human services in writing to examine, for the investigative purposes identified in subdivision 3, all personal medical records developed while receiving medical assistance ~~for the purpose of investigating whether or not a vendor has submitted a claim for reimbursement, a cost report or a rate application which the vendor knows to be false in whole or in part, or in order to determine whether or not the medical care provided was medically necessary~~.

Sec. 7. Minnesota Statutes 1986, section 259.40, subdivision 1, is amended to read:

Subdivision 1. **SUBSIDY PAYMENTS.** The commissioner of human services may make subsidy payments as necessary to an adoptive parent or parents who adopt a child who is a Minnesota resident and is under guardianship of the commissioner or of a licensed child placing agency after the final decree of adoption is issued. The subsidy payments and any subsequent modifications to the subsidy payments shall be based on the needs of the ~~child~~ adopted person that the commissioner has determined cannot be met using other resources including programs available to the ~~child~~ adopted person and the ~~child's~~ adoptive parent or parents.

Sec. 8. Minnesota Statutes 1986, section 259.40, subdivision 2, is amended to read:

Subd. 2. **SUBSIDY AGREEMENT.** The placing agency shall certify a child as eligible for a subsidy according to rules promulgated by the commissioner. When a parent or parents are found and approved for adoptive placement of a child certified as eligible for a subsidy, and before the final decree of adoption is issued, a written agreement must be entered into by the commissioner, the adoptive parent or parents, and the placing agency. The written agreement must be in the form prescribed by the commissioner and must set forth the responsibilities of all parties, the anticipated duration of the subsidy payments, and the payment terms. The subsidy agreement shall be subject to the commissioner's approval.

The commissioner shall provide adoption subsidies to the adoptive parent or parents according to the terms of the subsidy agreement. The subsidy may include payment for basic maintenance expenses of food, clothing, and shelter; ongoing supplemental maintenance expenses related to the ~~child's~~ adopted person's special needs; nonmedical expenses periodically necessary for purchase of services, items or equipment related to the ~~child's~~ special needs; and medical expenses. The placing agency or the adoptive parent or parents shall provide written documentation to support requests for subsidy payments. The commissioner may require periodic reevaluation of subsidy payments. The amount of the subsidy payment may in no case exceed that which would be allowable for the child under foster family care.

Sec. 9. Minnesota Statutes 1986, section 259.40, subdivision 3, is amended to read:

Subd. 3. **ANNUAL AFFIDAVIT.** When subsidies are for more than one year, the adoptive parents or guardian or conservator shall annually present an affidavit stating whether the adopted ~~child~~ person remains under their care and whether the need for subsidy continues to exist. The commissioner may verify the affidavit. The subsidy agreement shall continue in accordance with its terms as long as the need for subsidy continues and the ~~child remains the legal dependent~~ adopted person is under 22 years of age and is the legal or financial dependent of the adoptive parent or parents or guardian or conservator. Termination or modification of the subsidy agreement may be requested by the adop-

tive parents or subsequent guardian or conservator at any time. When the commissioner determines that a child is eligible for adoption assistance under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676, the commissioner shall modify the subsidy agreement in order to obtain the funds under that act.

Sec. 10. **FEASIBILITY STUDY.**

The director of the state planning agency in cooperation with the commissioner of health may study the feasibility of a Minnesota institute for health research. Among the factors to be considered in this study are: clinical and community resources now existing in the state, methodology for the development of a health research institute, and components toward which an institute would direct its resources. No state funds may be expended for this purpose. The director of the state planning agency is authorized to accept and expend nonstate funds for this purpose and shall report to the legislature by January 1, 1989, on any study undertaken.

Sec. 11. **COMMISSION ON HEALTH PLAN REGULATORY REFORM.**

Subdivision 1. **PURPOSE.** The legislature finds that the present rapid development of new health plan products and arrangements may result in a situation in which consumer protection and equitable competition may be inadvertently impaired by statutes or rules adopted to address previously existing market conditions. The legislature further finds that it is desirable that existing regulatory requirements for health plans be reviewed in the light of recent and potential future changes in the types of health plans available to purchasers.

Subd. 2. **CREATION AND MEMBERSHIP.** The governor shall create a commission on health plan regulatory reform for the purpose of reviewing and making recommendations for any necessary improvements in state policy relating to the regulation of health insurers, nonprofit health service plans, health maintenance organizations, preferred provider organizations, and other arrangements that insure or finance the provision of health services.

The commission membership shall be as follows:

(1) the director of the state planning agency, or the director's designee, who shall chair the commission;

(2) two members from the senate of the state of Minnesota, one from the majority party and one from the minority party;

(3) two members from the house of representatives of the state of Minnesota, one from the majority party and one from the minority party;

(4) the commissioner of commerce, or the commissioner's designee;

(5) the commissioner of health, or the commissioner's designee;

(6) two members representing a health maintenance organization;

(7) one member representing a nonprofit health service plan;

(8) one member representing a health plan that is not a health maintenance organization or a nonprofit health service plan;

(9) one public employer;

(10) two private employers, one of whom self-insures for health benefits and one of whom offers health benefits to employees but does not bear risk;

(11) one member representing organized labor; and

(12) two natural persons who are consumers.

Subd. 3. **REPORT.** The commission shall perform the review specified in subdivision 2 and report to the governor and the legislature by January 1, 1989.

Subd. 4. **APPROPRIATION.** $25,000 is appropriated from the general fund to the commissioner of health for the purposes of this section. This appropriation is available only to the extent that it is matched on a dollar for dollar basis by contributions from the private sector. Pursuant to interagency agreement, the commissioner shall transfer appropriate portions of this amount to the state planning agency and the commerce department to support the staffing of the commission.

Sec. 12. **APPROPRIATION.**

$70,000 is appropriated from the general fund to the commissioner of jobs and training for developing client advisory committees under section 2.

$300,000 is appropriated to the commissioner of human services from federal reimbursement received as a result of the title IV-E foster care program to increase federal financial participation, to be distributed in fiscal year 1988 to counties that received Indian relief payments in fiscal year 1986 under section 245.76. The reimbursement must be allocated to the counties in the same proportion as the distribution of Indian relief payments in fiscal year 1986 under section 245.76.

Sec. 13. **EFFECTIVE DATE.**

Section 1 is effective June 30, 1987.

ARTICLE 2

Section 1. Minnesota Statutes 1986, section 62A.046, is amended to read:

62A.046 **COORDINATION OF BENEFITS.**

(1) No group contract providing coverage for hospital and medical treatment or expenses issued or renewed after August 1, 1984, which is responsible for secondary coverage for services provided, may deny coverage or payment of the amount it owes as a secondary payor solely on the basis of the failure of another group contract, which is responsible for primary coverage, to pay for those services.

(2) A group contract which provides coverage of a claimant as a dependent of a parent who has legal responsibility for the dependent's medical care ~~but who does not have custody of the dependent may, upon request of the custodial parent,~~ pursuant to a court order under section 518.171 must make payments directly to the provider of care. In such cases, liability to the insured is satisfied to the extent of benefit payments made to the provider.

(3) This section applies to an insurer, a vendor of risk management services regulated under section 60A.23, a nonprofit health service plan corporation regulated under chapter 62C and a health maintenance organization regulated under chapter 62D. Nothing in this section shall require a secondary payor to pay the obligations of the primary payor nor shall it prevent the secondary payor from recovering from the primary payor the amount of any obligation of the primary payor that the secondary payor elects to pay.

Sec. 2. Minnesota Statutes 1986, section 176.191, subdivision 4, is amended to read:

Subd. 4. If the employee's medical expenses for a personal injury are paid pursuant to any program administered by the commissioner of human services, or if the employee ~~receives~~ or spouse or dependents living with the employee receive subsistence or other payments pursuant to such a program, and it is subsequently determined that the injury is compensable pursuant to this chapter, the workers' compensation insurer shall reimburse the commissioner of human services for the payments made, including interest at a rate of 12 percent a year.

Amounts paid to an injured employee or spouse or dependents living with the employee pursuant to such a program and attributable to the personal injury shall be deducted from any settlement or award of compensation or benefits under this chapter, including, but not limited to, temporary and permanent disability benefits.

The insurer shall attempt, with due diligence, to ascertain whether payments have been made to an injured employee pursuant to such a program prior to any settlement or issuance of a binding award and shall notify the ~~commissioner~~

department of human services, benefit recovery section, when such payments have been made. An employee who has received public assistance payments shall notify the department of human services, benefit recovery section, of its potential intervention claim prior to making or settling a claim for benefits under this chapter. Notice served on local human services agencies is not sufficient to meet the notification requirement in this subdivision.

Sec. 3. **[256.015] PUBLIC ASSISTANCE LIEN ON RECIPIENT'S CAUSE OF ACTION.**

Subdivision 1. **STATE AGENCY HAS LIEN.** When the state agency provides, pays for, or becomes liable for medical care or furnishes subsistence or other payments to a person, the agency has a lien for the cost of the care and payments on all causes of action that accrue to the person to whom the care or payments were furnished, or to the person's legal representatives, as a result of the occurrence that necessitated the medical care, subsistence, or other payments.

Subd. 2. **PERFECTION; ENFORCEMENT.** The state agency may perfect and enforce its lien under sections 514.69, 514.70, and 514.71, and must file the verified lien statement with the appropriate court administrator in the county of financial responsibility. The verified lien statement must contain the following: the name and address of the person to whom medical care, subsistence, or other payment was furnished; the date of injury; the name and address of vendors furnishing medical care; the dates of the service or payment; the amount claimed to be due for the care or payment; and to the best of the state agency's knowledge, the names and addresses of all persons, firms, or corporations claimed to be liable for damages arising from the injuries.

This section does not affect the priority of any attorney's lien. The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is received under subdivision 4 to file its verified lien statement. The state agency may commence an action to enforce the lien within one year of (1) the date the notice is received, or (2) the date the person's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later.

Subd. 3. **PROSECUTOR.** The attorney general, or the appropriate county attorney acting at the direction of the attorney general, shall represent the state agency to enforce the lien created under this section or, if no action has been brought, may initiate and prosecute an independent action on behalf of the state agency against a person, firm, or corporation that may be liable to the person to whom the care or payment was furnished.

Subd. 4. **NOTICE.** The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages to the injured person when the state agency has paid for or become liable for the cost of medical care or payments related to the injury. Notice must be given as follows:

(a) Applicants for public assistance shall notify the state or local agency of any possible claims they may have against a person, firm, or corporation when they submit the application for assistance. Recipients of public assistance shall notify the state or local agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of public assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is a party to a claim upon which the state agency may be entitled to a lien under this section shall notify the state agency of its potential lien claim before filing a claim, commencing an action, or negotiating a settlement.

Notice given to the local agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Subd. 5. **COSTS DEDUCTED.** Upon any judgment, award, or settlement of a cause of action, or any part of it, upon which the state agency has filed its lien, including compensation for liquidated, unliquidated, or other damages, reasonable costs of collection, including attorney fees, must be deducted first. The full amount of public assistance paid to or on behalf of the person as a result of the injury must be deducted next, and paid to the state agency. The rest must be paid to the public assistance recipient or other plaintiff. The plaintiff, however, must receive at least one-third of the net recovery after attorney fees and other collection costs.

Subd. 6. **WHEN EFFECTIVE.** The lien created under this section is effective with respect to any public assistance paid on or after August 1, 1987.

Subd. 7. **COOPERATION REQUIRED.** Upon the request of the department of human services, any state agency or third party payer shall cooperate with the department in furnishing information to help establish a third party liability. The department of human services shall limit its use of information gained from agencies and third party payers to purposes directly connected with the administration of its public assistance programs. The provision of information by agencies and third party payers to the department under this subdivision is not a violation of any right of confidentiality or data privacy.

Sec. 4. Minnesota Statutes 1986, section 256B.02, is amended by adding a subdivision to read:

Subd. 12. "Third party payer" means a person, entity, or agency or government program that has a probable obligation to pay all or part of the costs of a medical assistance recipient's health services.

Sec. 5. Minnesota Statutes 1986, section 256B.042, subdivision 2, is amended to read:

Subd. 2. The state agency may perfect and enforce its lien by following the procedures set forth in sections 514.69, 514.70 and 514.71, ~~except that it shall~~

~~have one year from the date when the last item of medical care was furnished in which to file~~ and its verified lien statement~~, and the statement~~ shall be filed with the appropriate court administrator in the county of financial responsibility. The verified lien statement shall contain the following: the name and address of the person to whom medical care was furnished, the date of injury, the name and address of the vendor or vendors furnishing medical care, the dates of the service, the amount claimed to be due for the care, and, to the best of the state agency's knowledge, the names and addresses of all persons, firms or corporations claimed to be liable for damages arising from the injuries. This section shall not affect the priority of any attorney's lien. The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is received by it under subdivision 4 to file its verified lien statement. The state agency may commence an action to enforce the lien within one year of (1) the date the notice is received or (2) the date the recipient's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later.

Sec. 6. Minnesota Statutes 1986, section 256B.042, subdivision 3, is amended to read:

Subd. 3. ~~To recover under this section~~ The attorney general, or the appropriate county attorney acting at the direction of the attorney general, shall represent the state agency to enforce the lien created under this section or, if no action has been brought, may initiate and prosecute an independent action on behalf of the state agency against a person, firm, or corporation that may be liable to the person to whom the care was furnished.

Sec. 7. Minnesota Statutes 1986, section 256B.042, is amended by adding a subdivision to read:

Subd. 4. **NOTICE.** The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable to pay part or all of the cost of medical care when the state agency has paid or become liable for the cost of that care. Notice must be given as follows:

(a) Applicants for medical assistance shall notify the state or local agency of any possible claims when they submit the application. Recipients of medical assistance shall notify the state or local agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of medical assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is a party to a claim upon which the state agency may be entitled to a lien under this section shall notify the state agency of its potential lien claim before filing a claim, commencing an action, or negotiating a settlement.

Notice given to the local agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Sec. 8. Minnesota Statutes 1986, section 256B.042, is amended by adding a subdivision to read:

Subd. 5. **COSTS DEDUCTED.** Upon any judgment, award, or settlement of a cause of action, or any part of it, upon which the state agency has filed its lien, including compensation for liquidated, unliquidated, or other damages, reasonable costs of collection, including attorney fees, must be deducted first. The full amount of medical assistance paid to or on behalf of the person as a result of the injury must be deducted next, and paid to the state agency. The rest must be paid to the medical assistance recipient or other plaintiff. The plaintiff, however, must receive at least one-third of the net recovery after attorney fees and other collection costs.

Sec. 9. Minnesota Statutes 1986, section 256B.37, subdivision 1, is amended to read:

Subdivision 1. **SUBROGATION.** Upon furnishing medical assistance to any person having private accident or health care coverage, or having a cause of action arising out of an occurrence that necessitated the payment of medical assistance, the state agency shall be subrogated, to the extent of the cost of medical care furnished, to any rights the person may have under the terms of ~~any private health care~~ the coverage or under the cause of action.

The right of subrogation ~~does not attach to benefits paid or provided under private health care coverage prior to the receipt of written notice of the exercise of subrogation rights by the carrier issuing the health care coverage~~ created in this section includes all portions of the cause of action, notwithstanding any settlement allocation or apportionment that purports to dispose of portions of the cause of action not subject to subrogation.

Sec. 10. Minnesota Statutes 1986, section 256B.37, subdivision 2, is amended to read:

Subd. 2. **CIVIL ACTION FOR RECOVERY.** To recover under this section, the attorney general, or the appropriate county attorney, acting upon direction from the attorney general, may institute or join a civil action ~~against the carrier of the private health care coverage~~ to enforce the subrogation rights established under this section.

Sec. 11. Minnesota Statutes 1986, section 256B.37, is amended by adding a subdivision to read:

Subd. 3. **NOTICE.** The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages, or otherwise obligated to pay part or all of the cost of medical care when the state agency has paid or become liable for the cost of care. Notice must be given as follows:

(a) Applicants for medical assistance shall notify the state or local agency of any possible claims when they submit the application. Recipients of medical assistance shall notify the state or local agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of medical assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is party to a claim upon which the state agency may be entitled to subrogation under this section shall notify the state agency of its potential subrogation claim before filing a claim, commencing an action, or negotiating a settlement.

Notice given to the local agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Sec. 12. Minnesota Statutes 1986, section 256B.37, is amended by adding a subdivision to read:

Subd. 4. **RECOVERY.** Upon any judgment, award, or settlement of a cause of action, or any part of it, upon which the state agency has a subrogation right, including compensation for liquidated, unliquidated, or other damages, reasonable costs of collection, including attorney fees, must be deducted first. The full amount of medical assistance paid to or on behalf of the person as a result of the injury must be deducted next and paid to the state agency. The rest must be paid to the medical assistance recipient or other plaintiff. The plaintiff, however, must receive at least one-third of the net recovery after attorney fees and collection costs.

Sec. 13. Minnesota Statutes 1986, section 256B.37, is amended by adding a subdivision to read:

Subd. 5. **PRIVATE BENEFITS TO BE USED FIRST.** Private accident and health care coverage for medical services is primary coverage and must be exhausted before medical assistance is paid. When a person who is otherwise eligible for medical assistance has private accident or health care coverage, including a prepaid health plan, the private health care benefits available to the person must be used first and to the fullest extent. Supplemental payment may be made by medical assistance, but the combined total amount paid must not exceed the amount payable under medical assistance in the absence of other coverage. Medical assistance must not make supplemental payment for covered services rendered by a vendor who participates or contracts with a health coverage plan if the plan requires the vendor to accept the plan's payment as payment in full.

Sec. 14. Minnesota Statutes 1986, section 256B.37, is amended by adding a subdivision to read:

Subd. 6. **PARENT'S OR OBLIGEE'S HEALTH PLAN.** When a parent or a person with an obligation of support has enrolled in a prepaid health care plan under section 518.171, subdivision 1, the commissioner of human services shall limit the recipient of medical assistance to the benefits payable under that prepaid health care plan to the extent that services available under medical assistance are also available under the prepaid health care plan.

Sec. 15. Minnesota Statutes 1986, section 256D.03, is amended by adding a subdivision to read:

Subd. 8. **PRIVATE INSURANCE POLICIES.** (a) Private accident and health care coverage for medical services is primary coverage and must be exhausted before general assistance medical care is paid. When a person who is otherwise eligible for general assistance medical care has private accident or health care coverage, including a prepaid health plan, the private health care benefits available to the person must be used first and to the fullest extent. Supplemental payment may be made by general assistance medical care, but the combined total amount paid must not exceed the amount payable under general assistance medical care in the absence of other coverage. General assistance medical care must not make supplemental payment for covered services rendered by a vendor who participates or contracts with any health coverage plan if the plan requires the vendor to accept the plan's payment as payment in full.

(b) When a parent or a person with an obligation of support has enrolled in a prepaid health care plan under section 518.171, subdivision 1, the commissioner of human services shall limit the recipient of general assistance medical care to the benefits payable under that prepaid health care plan to the extent that services available under general assistance medical care are also available under the prepaid health care plan.

(c) Upon furnishing general assistance medical care or general assistance to any person having private accident or health care coverage, or having a cause of action arising out of an occurrence that necessitated the payment of assistance, the state agency shall be subrogated, to the extent of the cost of medical care, subsistence, or other payments furnished, to any rights the person may have under the terms of the coverage or under the cause of action.

This right of subrogation includes all portions of the cause of action, notwithstanding any settlement allocation or apportionment that purports to dispose of portions of the cause of action not subject to subrogation.

(d) To recover under this section, the attorney general or the appropriate county attorney, acting upon direction from the attorney general, may institute or join a civil action to enforce the subrogation rights established under this section.

(e) The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages, or otherwise obligated to pay part or all of the costs related to an injury when the state agency

has paid or become liable for the cost of care or payments related to the injury. Notice must be given as follows:

(i) Applicants for general assistance or general assistance medical care shall notify the state or local agency of any possible claims when they submit the application. Recipients of general assistance or general assistance medical care shall notify the state or local agency of any possible claims when those claims arise.

(ii) A person providing medical care services to a recipient of general assistance medical care shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(iii) A person who is party to a claim upon which the state agency may be entitled to subrogation under this section shall notify the state agency of its potential subrogation claim before filing a claim, commencing an action, or negotiating a settlement.

Notice given to the local agency is not sufficient to meet the requirements of paragraphs (b) and (c).

(f) Upon any judgment, award, or settlement of a cause of action, or any part of it, upon which the state agency has a subrogation right, including compensation for liquidated, unliquidated, or other damages, reasonable costs of collection, including attorney fees, must be deducted first. The full amount of general assistance or general assistance medical care paid to or on behalf of the person as a result of the injury must be deducted next and paid to the state agency. The rest must be paid to the public assistance recipient or other plaintiff. The plaintiff, however, must receive at least one-third of the net recovery after attorney fees and collection costs.

Sec. 16. Minnesota Statutes 1986, section 268.121, is amended to read:

268.121 **WAGE REPORTING.**

Beginning on April 1, 1984, each employer subject to this chapter shall provide the commissioner with a quarterly report of wages, as defined in section 268.04, subdivision 25, paid to each employee of that employer covered by this chapter. ~~The commissioner shall provide the legislature with recommendations for statutory changes to fully implement this section no later than January 1, 1983.~~

Sec. 17. Minnesota Statutes 1986, section 473.405, subdivision 13, is amended to read:

Subd. 13. **INSURANCE.** The commission may provide for self-insurance or otherwise provide for insurance relating to any of its property, rights, or revenue, workers' compensation, public liability, or any other risk or hazard arising from its activities, and may provide for insuring any of its officers or employees against the risk or hazard at the expense of the commission. If the

commission provides for self-insurance, against its liability and the liability of its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and agents, including its obligation to pay basic economic loss benefits under sections 65B.41 to 65B.71, it shall be entitled to deduct from damages and basic economic loss benefits all money paid or payable to the persons seeking damages and benefits from all governmental entities providing medical, hospital, and disability benefits except for payments made under the aid to families with dependent children or medical assistance programs.

Sec. 18. Minnesota Statutes 1986, section 514.69, is amended to read:

514.69 **FILE WITH COURT ADMINISTRATOR OF THE DISTRICT COURT.**

Subdivision 1. **PERFECTION OF HOSPITAL'S LIEN.** In order to perfect such lien, the operator of such hospital, before, or within ten days after, such person shall have been discharged therefrom, shall file in the office of the court administrator of the district court of the county in which such hospital shall be located a verified statement in writing setting forth the name and address of such patient, as it shall appear on the records of such hospital, the name and location of such hospital and the name and address of the operator thereof, the dates of admission to and discharge of such patient therefrom, the amount claimed to be due for such hospital care, and, to the best of claimant's knowledge, the names and addresses of all persons, firms, or corporations claimed by such injured person, or the legal representatives of such person, to be liable for damages arising from such injuries; such claimant shall also, within one day after the filing of such claim or lien, mail a copy thereof, by certified mail, to each person, firm, or corporation so claimed to be liable for such damages to the address so given in such statement. The filing of such claim or lien shall be notice thereof to all persons, firms, or corporations liable for such damages whether or not they are named in such claim or lien.

Subd. 2. **PERFECTION OF PUBLIC ASSISTANCE LIEN.** In the case of public assistance liens filed under section 256.015 or 256B.042, the state agency may perfect its lien by filing its verified statement in the office of the court administrator in the county of financial responsibility for the public assistance paid. The court administrator shall record the lien in the same manner as provided in section 514.70.

Approved June 2, 1987