

(d) He shall keep the board fully advised as to its financial condition, and he shall prepare and submit to the board, and to the governing bodies of the local government units, the board's annual budget and other financial information as the board may request.

(e) He shall recommend to the board for adoption such rules and regulations as he deems necessary for the efficient operation of the district disposal system.

(f) He shall perform such other duties as may be prescribed by the board.

Sec. 4. EFFECTIVE DATE.

With respect to Kanabec county, section 1 is effective July 1, 1987. With respect to Carver and Red Lake counties, section 1 is effective the day after compliance by the Carver or Red Lake county board, respectively, with Minnesota Statutes, section 645.021. Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), section 2 takes effect without local approval the day following final enactment.

Approved June 11, 1987

CHAPTER 403—H.F.No. 243

An act relating to the organization and operation of state government; appropriating money for human services, corrections, health, economic security, and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 15A.081, subdivision 1; 86.33, subdivisions 2 and 3; 136C.06; 144.122; 144.123, subdivision 2; 144.219; 144.55, subdivision 6; 144.68; 144.69; 144A.05; 144A.071, subdivision 3; 144A.27; 144A.33, subdivisions 3 and 4; 171.29, subdivision 2; 245.713, subdivision 2; 245.782, subdivision 5; 246.18, subdivision 1, and by adding a subdivision; 246.50, subdivisions 3, 4a, 5, 7, and by adding a subdivision; 246.51; 246.511; 246.57, by adding a subdivision; 251.011, subdivision 6; 252.21; 252.22; 252.23; 252.24, subdivisions 1 and 4; 252.25; 252.275, subdivisions 1, 2, 4, and 7; 256.01, subdivisions 2 and 4; 256.045, subdivision 3; 256.73, by adding a subdivision; 256.736, subdivisions 3, 4, 6, 7, 8, and by adding subdivisions; 256.737, subdivision 1; 256.74, subdivision 1; 256.969, subdivisions 2 and 3; 256.98; 256B.02, subdivision 8, and by adding a subdivision; 256B.03, subdivision 1; 256B.04, subdivisions 14 and 15; 256B.06, subdivision 1, and by adding a subdivision; 256B.064, subdivision 1a; 256B.15; 256B.17, subdivisions 4 and 5; 256B.19, subdivision 1; 256B.35, subdivisions 1 and 2; 256B.37, by adding a subdivision; 256B.421, subdivision 1; 256B.431, subdivisions 2b, 2e, 3a, 4, and by adding subdivisions; 256B.433; 256B.47, subdivision 1, and by adding subdivisions; 256B.48, subdivision 1; 256B.50, subdivision 2; 256B.501, subdivisions 1, 2, and 8; 256B.69, subdivisions 6, 11, and by adding subdivisions; 256C.26; 256D.01, subdivision 1a; 256D.02, subdivisions 5 and 8; 256D.03, subdivisions 2, 3, 4, and by adding a subdivision; 256D.05, subdivision 1, and by adding a subdivision; 256D.051 subdivisions 1, 2, 6, 8, and by adding a subdivision; 256D.06, subdivisions 1, 1b, and 2; 256D.08, subdivision 1; 256D.101; 256D.15; 256D.22; 256D.37, subdivi-

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

sion 1; 256E.09, subdivision 3; 256E.12, subdivision 3; 257.33; 257.34, subdivision 1; 257.35; 257.351, subdivision 15, and by adding subdivisions; 257.354, subdivision 4, and by adding a subdivision; 257.57, subdivision 2; 257.60; 257.62, by adding a subdivision; 257.63, subdivision 2; 268.0111, subdivision 8; 268.0122, subdivisions 2 and 3; 268.36; 268.37, subdivision 3; 268.53, subdivision 1; 268.673, subdivision 5, and by adding a subdivision; 268.6751; 268.676; 268.677, subdivision 1; 268.678, subdivisions 1 and 4; 268.681, subdivisions 2 and 3; 268.85, subdivision 2; 268.86, subdivisions 1, 2, and 4; 268.871, subdivisions 1, 2, and by adding a subdivision; 268.88; 268.89, subdivision 2; 268.91, subdivisions 1, 2, 3, 4, 5, 6, 11, and by adding subdivisions; 268.911, subdivision 1; 287.05, subdivision 1; 287.12; 287.21, subdivision 1; 393.07, subdivision 10; 510.07; 518.131, subdivision 7; 518.171, subdivision 1; 518.24; 518.551, subdivision 1, and by adding a subdivision; 518.57, subdivision 1; 518.611, subdivisions 1, 2, 3, 4, 6, 8, and by adding a subdivision; 518.64, subdivision 2; 524.3-1201; 525.56, subdivision 3; and Laws 1986, chapter 394, section 24; proposing coding for new law in Minnesota Statutes, chapters 62D; 144; 144A; 245; 246; 252; 256; 256B; 256D; 257; and 518; repealing Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdivision 5; 245.69, subdivision 1a; 245.713, subdivisions 1 and 3; 245.74; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256B.501, subdivisions 5, 6, 7, and 9; 256D.051, subdivisions 4, 5, 11, and 12; 256E.06, subdivision 2a; 257.34, subdivision 2; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; 268.0111, subdivision 3; and 268.86, subdivisions 1, 3, 4, and 5.

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

ARTICLE 1

APPROPRIATIONS

Section 1. HUMAN SERVICES, CORRECTIONS, HEALTH; APPROPRIATIONS.

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1987," "1988," and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

SUMMARY BY FUND

| | 1987 | 1988 | 1989 | TOTAL |
|--------------------|-------------|-----------------|-----------------|-----------------|
| General | | | | |
| | \$1,919,400 | \$1,083,715,000 | \$1,132,831,800 | \$2,218,466,200 |
| Special Revenue | | \$ 3,642,100 | \$ 3,661,100 | \$ 7,303,200 |
| Public Health Fund | | \$ 7,403,000 | \$ 7,344,200 | \$ 14,747,200 |

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

Metropolitan
Landfill

\$ 140,100

\$ 140,100

\$ 280,200

Trunk Highway

\$ 536,000

\$ 535,400

\$ 1,071,400

Total

\$1,919,400

\$1,095,436,200

\$1,144,512,600 \$2,241,868,200

APPROPRIATIONS
Available for the Year
Ending June 30,
1988 1989

Sec. 2. COMMISSIONER OF
HUMAN
SERVICES

Subdivision 1. Appropriation by Fund

General Fund

918,949,700

969,235,400

Public Health Fund

3,982,600

3,924,900

The amounts that may be spent from this appropriation for each program and activity are more specifically described in the following subdivisions.

Federal money received in excess of the estimates shown in the 1987 department of human services budget document reduces the state appropriation by the amount of the excess receipts, unless otherwise directed by the governor, after consulting with the legislative advisory commission.

Positions and administrative money may be transferred within the department of human services as the commissioner considers necessary, with the advance approval of the commissioner of finance.

Estimates of federal money that will be earned by the various accounts of the department of human services and deposited in the general fund are detailed on the worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office

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

of the commissioner of finance. If federal money anticipated is less than that shown on the official worksheets, the commissioner of finance shall reduce the amount available from the direct appropriation a corresponding amount. The reductions must be noted in the budget document submitted to the 76th legislature in addition to an estimate of similar federal money anticipated for the 1989-1991 biennium.

The commissioner may use up to \$180,000 from the account authorized by Minnesota Statutes, section 256.01, subdivision 2, clause (15), to maximize collections of federal Title IV-E money through automation of the administrative functions associated with the licensing of foster care and family day care homes.

The information system project appropriations must be deposited in the special systems account according to Minnesota Statutes, section 256.014, and, except for development costs under the child support enforcement project, are not available until September 1, 1987. Money appropriated for computer projects may be transferred from one project to another as the commissioner considers necessary. The commissioner shall report quarterly to the chair of the senate finance committee and the chair of the house of representatives appropriations committee detailing the progress made, the nature and amount of expenditures made, and future development plans. On January 1 of each year the commissioner must also report to the legislature under Minnesota Statutes, section 256.014, subdivision 3, on the steps taken to integrate these projects with the information systems architecture of the state. Any unexpended balance in the appropriation for these projects remaining in the first year does not cancel but is available in the second year.

Subd. 2. Human Services

Management

7,594,300

7,604,400

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

The first year appropriation for equalization aid must be allocated to the same counties and in the same proportion as the distribution of equalization aid for fiscal year 1986.

Subd. 3. Policy and Program

| | | |
|------------------|-----------|-----------|
| Support Services | 4,113,000 | 4,263,000 |
|------------------|-----------|-----------|

Subd. 4. Community Social

| | | |
|----------|------------|------------|
| Services | 77,563,600 | 79,906,100 |
|----------|------------|------------|

The commissioner may use money from available social service appropriations to pay appropriate administrative and training costs associated with child foster care programs to maximize federal reimbursement under title IV-E of the social security act, United State Code, title 42, sections 670 to 676. State money may be used for this purpose only if the money is replaced by other federal or state money so that there is no reduction or delay in payments for any of the programs involved. Notwithstanding any other law, transfers must be disregarded when applying the formula for allocation of state social service money and must not cause a reduction in the total amount of money available to grantees.

Of this appropriation, \$48,799,000 the first year and \$50,599,000 the second year are for community social services subsidies.

For purposes of the 1989-1991 biennial budget, the base level for community social services is \$49,699,000.

\$447,400 each year of the county allocation for Title XX community social services is for migrant day care.

\$82,637 of the second year appropriation in Laws 1985, chapter 9, article 1, section 2, subdivision 4, for Title XX community social services is transferred from the county allocation to the migrant day care allocation.

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

Of the amount appropriated to the day care sliding fee program, \$121,700 is allocated each year of the biennium to the migrant day care program.

\$125,000 each year of the appropriation for child care must be used for grants for new or expanding child care resource and referral programs under Minnesota Statutes, section 268.911, subdivision 3. No more than 20 percent of the money may be expended for programs in the seven-county metropolitan area.

\$125,000 each year of the appropriation for child care must be used for grants for the development of child care services under Minnesota Statutes, section 245.84, subdivision 1.

Any unexpended balance remaining in the first year appropriation for the subsidized adoption program does not cancel but is available for the second year.

By January 15, 1988, the commissioner of human services shall report to the chairs of the health and human services committee in the senate and the house of representatives on information systems needed to support improved accountability from the general fund and monitoring for county social service expenditures. The report must include at least the following: the identification of minimum data elements required for federal compliance purposes; an inventory and description of current social services data collection activities; an assessment of specific data elements needed to monitor major state social services policy goals; an analysis of any difficulties imposed by data collection by target population; and opportunities for improving the reliability and accuracy of data submitted by counties. The commissioner shall also recommend future technical improvements and identify any needed

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

strategies for transition from current reporting mechanisms to systems with better reliability, timeliness, and county participation.

Notwithstanding the criteria in Minnesota Rules, part 9525.0960, subpart 3, for the biennium ending June 30, 1989, the commissioner shall use semi-independent living services funding for new persons first to reduce the number of inappropriate nursing home placements and then to provide alternative community services to those recipients in intermediate care facilities for the mentally retarded or waived services who are no longer eligible for those services. This provision supersedes any inconsistent provision of Minnesota Statutes, section 252.275, or any other law.

The commissioner shall review social services programs offered and proposed to be offered to senior citizens including but not limited to the foster grandparent, retired senior volunteer, and senior companion programs. The commissioner shall prepare a report as follows: (1) outlining the purposes, funding, target populations, and counties served by each program; (2) identifying areas of overlap among the programs; and (3) examining alternatives that would allow flexibility in design and delivery of programs for senior citizens. The commissioner shall present the report to the legislature by January 1, 1988.

Subd. 5. Mental Health

17,892,500

17,783,500

The \$50,000 appropriated for the study of Alzheimer's disease in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 6c is available until expended. St. Paul Ramsey Medical Center is responsible for reimbursing Minnesota physicians and pathologists for their services and other expenses related

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

to the removal, transportation, and storage of decedents' brains.

\$25,000 of the appropriation for mental health program administration must be used to fund the study and report to the legislature on issues related to involuntary outpatient commitment.

Subd. 6. Income Maintenance

| | | |
|--------------------|-------------|-------------|
| General Fund | 596,364,300 | 652,852,700 |
| Public Health Fund | 3,982,600 | 3,924,900 |

Money appropriated for income maintenance programs must not be transferred for other purposes except as allowed in this subdivision, subdivision 1, section 14, or as otherwise authorized by law.

\$2,500,000 is available for each year of the biennium for case management services to caretakers in priority groups receiving aid to families with dependent children. The unencumbered balance remaining at the end of the first year does not cancel but is available for the second year of the biennium.

The public health fund appropriation is for the Children's Health Plan and is available until expended. The staff complement of the department of human services reflects an increase of 7 positions to administer the program.

Of this amount, \$25,000 is for training welfare fraud prosecutors, \$25,000 is for training welfare fraud investigators, and \$80,000 is for staff and equipment for the fraud training and control function.

The staff complement of the department of human services reflects an increase of one position to carry out duties formerly assigned to the coordinator of full productivity and opportunity.

The amounts that may be spent from

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

this appropriation for each activity are as follows:

(a) Aid to Families with Dependent Children, General Assistance, Work Readiness, Minnesota Supplemental Aid

| | |
|---------------|---------------|
| \$135,268,400 | \$142,897,400 |
|---------------|---------------|

\$1,900,000 is appropriated for fiscal year 1987 to fund the deficiency in the work readiness account.

Money appropriated in the first year for employment and training services for AFDC recipients does not cancel but is available for the second year of the biennium.

If the appropriation for AFDC, general assistance, work readiness, and Minnesota supplemental aid is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

During the biennium ending June 30, 1989, the commissioner of human services shall provide supplementary grants not to exceed \$816,800 a year for aid to families with dependent children and include the following costs in determining the amount of the supplementary grants: major home repairs; repair of major home appliances; utility recaps; supplementary dietary needs not covered by medical assistance; replacement of essential household furnishings and essential major appliances; and employment-related transportation and educational expenses. Of this amount, \$616,800 is for employment-related transportation and educational expenses.

When federal money is available to match state money, any part of the appropria-

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

tion for day care sliding fee services provided to persons or families who are receiving AFDC may be transferred to the special needs account of the AFDC program. Federal money received during the biennium for child care services under this rider is appropriated to the commissioner of human services for day care sliding fee services, except as provided in Minnesota Statutes, section 268.91, subdivision 2.

If a county's mortgage and deed tax receipts under Minnesota Statutes 1986, section 287.12, exceed the state share of AFDC grants for the county, the excess amount must be offset against state payments to the county for the state share of the income maintenance programs. Any excess remaining after offsetting all state payments for income maintenance programs must be paid to the commissioner of human services and credited to the AFDC account.

The commissioner of human services shall set the standard of assistance for general assistance and work readiness assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at \$203.

For the AFDC entrepreneurship program appropriation, any unencumbered balance remaining in the first year does not cancel and is available for the second year.

(b) Medical Assistance and General

Assistance Medical Care

\$417,678,400 \$464,670,700

If the appropriation for medical assistance and general assistance medical care is insufficient for either year, the appropriation for the other year is available by direction of the governor after con-

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

sulting with the legislative advisory commission.

Federal money received during the biennium for administration of the home and community-based services waiver for persons with mental retardation is appropriated to the commissioner of human services for administration of the home and community-based services program and must be deposited in that activity's account.

For medical assistance services rendered on or after July 1, 1987, payments to medical assistance vendors 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 shall be based on payments in effect on June 30, 1987, reduced by five percent. This percentage reduction does not apply to prenatal care and delivery services.

The medical assistance appropriation includes \$300,000 the second year for the increased costs of exceptions to the moratorium on licensure and certification of long-term care beds. The commissioner of health may license or certify beds through the exception review process, provided the projected total annual increased state medical assistance costs of all licenses or certifications granted during the biennium under any exception to the moratorium do not exceed \$300,000.

The commissioner of human services shall contract for a study that includes quality assurance evaluations and medical record audits of prepaid health plans under contract to the commissioner to provide medical assistance services. Fed-

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

eral money received during the biennium to fund this project is appropriated to the commissioner. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$6,100,000 of the amount remaining in the medical assistance and general assistance medical care account at the end of fiscal year 1987 does not cancel but is available for fiscal year 1988.

\$7,100,000 of the appropriation in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 5, does not cancel and is available during the first year to pay medical assistance costs of acute care hospital outlier charges incurred prior to July 1, 1987.

The maximum pharmacy dispensing fee under medical assistance and general assistance medical care is \$4.

The commissioner shall study and develop recommendations regarding implementing an alternative payment mechanism for reimbursing hospitals for inpatient mental health services.

Notwithstanding the allocation provisions of Minnesota Statutes, section 254B.02, and until such time as the federal waiver required to be applied for by Minnesota Statutes, section 254B.08 is obtained, the department shall withhold sufficient funds from the consolidated chemical dependency treatment fund, established under Minnesota Statutes, chapter 254B, to pay the state share of chemical dependency treatment services provided after January 1, 1988, through the medical assistance program.

(c) Preadmission Screening and

Alternative Care Grants

\$11,914,000

\$17,580,000

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

Up to \$3,500,000 of any balance remaining at the end of fiscal year 1987 in the appropriation for preadmission screening and alternative care grants does not cancel but is available for fiscal year 1988.

(d) Other Income Maintenance Activities

| | |
|--------------|--------------|
| \$31,503,500 | \$27,704,600 |
|--------------|--------------|

This appropriation includes \$100,000 each year to contract for the provision of training and technical assistance to counties to: (1) facilitate the transfer of general assistance recipients to federal disability programs by identifying recipients who are potentially eligible for benefits and helping them with the application and appeals process; and (2) facilitate the transfer of general assistance medical care recipients to the medical assistance program by identifying recipients who are potentially eligible for medical assistance benefits and helping them establish eligibility.

Subd. 7. Long-Term Care

| | | |
|------------|-----------|-----------|
| Management | 4,735,000 | 4,847,600 |
|------------|-----------|-----------|

Subd. 8. Chemical Dependency,
Hearing Impaired, and Protection
Services

| | |
|-----------|-----------|
| 6,256,500 | 6,411,300 |
|-----------|-----------|

\$100,000 of the money appropriated each year for services to deaf persons is for grants for specialized mental health services for deaf and multiple-handicapped deaf persons at St. Paul-Ramsey Medical Center.

The commissioner of finance shall transfer money as necessary to implement the chemical dependency consolidated fund program.

The entire sum of the money made available to the state as a result of Public Law Number 99-570, title 4, subtitle A,

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

section 4002, of the federal Alcohol and Drug Abuse Amendments of 1986, must be deposited in the chemical dependency fund.

The commissioner shall prepare a report to the chairs of the human services division of house appropriations and the health and human services subcommittee of senate finance containing details concerning the provision of chemical dependency services by regional treatment centers, including utilization rates, staffing levels, costs incurred, and rates charged. The commissioner shall deliver the report before February 1, 1988.

Subd. 9. Reimbursement and
Facilities Administration

204,430,500 195,566,800

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Regional Treatment Centers

Approved Complement

| June 30, 1988 | June 30, 1989 |
|---------------|---------------|
| 5,049 | 4,895 |

(1) Salaries

| | |
|---------------|---------------|
| \$158,702,600 | \$155,621,000 |
|---------------|---------------|

(2) Current Expense

| | |
|---------------|---------------|
| \$ 15,273,000 | \$ 15,269,000 |
|---------------|---------------|

(3) Repairs and Betterments

| | |
|--------------|--------------|
| \$ 2,875,000 | \$ 1,875,000 |
|--------------|--------------|

(4) Special Equipment

| | |
|--------------|--|
| \$ 1,114,000 | |
|--------------|--|

The commissioner of human services shall consolidate both program and support functions at each of the regional centers and state nursing homes to ensure efficient and effective space utilization which is consistent with applicable licensing and certification standards. The commission-

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

er may transfer residents and positions among the regional center and state nursing home system as necessary to promote the most efficient use of available state buildings. Surplus buildings shall be reported to the commissioner of administration for appropriate disposition in accordance with Minnesota Statutes, section 16B.24.

Provided there is no conflict with any collective bargaining agreement, any state hospital or state nursing home reduction in the human services technician classifications and other nonprofessional, nonsupervisory direct care positions must only be accomplished through attrition, transfers, and retirement and must not be accomplished through layoff, unless the position reduction is due to the relocation of residents to a different state facility and the employee declines to accept a transfer to a comparable position in another state facility.

This appropriation includes \$3,000,000 to be retained in a separate interest-bearing account established in accordance with Minnesota Statutes, section 246.18, subdivision 3, for use by the commissioner of human services in contingency situations related to chemical dependency programs operated by the regional centers or state nursing homes. Up to \$250,000 must be provided to each regional treatment center in advance, at the request of the chief executive officer, for remodeling or other expenses identified by the chief executive officer as necessary to allow the facility to compete with other chemical dependency providers. The remaining money must be used to enable state institutions to continue to provide at least the current level of chemical dependency services for the biennium.

Effective January 1, 1988, 329 staff pos-

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

itions related to the provision of chemical dependency services in the regional treatment centers and funded by general fund appropriations are transferred to each regional treatment center's chemical dependency account established under Minnesota Statutes, section 246.18, subdivision 3.

The commissioner may continue to operate and may expand the state-operated, community-based program pilot projects established under Laws 1985, chapter 9, article 1, subdivision 6(a)(1), within the limits of available appropriations. State-operated, community-based service positions must not be counted for position reduction purposes. These positions remain part of the authorized complement.

Any unexpended balance remaining in the regional treatment center fuel and utilities appropriations for fiscal year 1987 is reappropriated for the biennium ending June 30, 1989, to be used as follows: \$175,000 to repair a boiler at Oak Terrace Nursing Home; up to \$400,000 to the regional treatment centers for furniture replacement; \$180,000 for the purpose of conducting reimbursement projects to increase collections and better manage client programs in the regional treatment centers; and up to \$450,000 for department computer charges incurred in fiscal year 1987.

Any state hospital employee position identified as being vacant by the state hospital and the commissioner of human services may only be declared so after review of the chair of the house human services division of appropriations and the chair of the senate health and human services subcommittee of finance.

Four of the mental health enrichment positions are for the dual disabilities pro-

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

gram at St. Peter regional treatment center.

Any unencumbered balances in special equipment and repairs and betterments remaining in the first year do not cancel but are available for the second year of the biennium.

(b) Nursing Homes

Approved Complement - 616.5 605.5

(1) Salaries

\$17,501,100 \$17,144,700

This appropriation includes \$300,000 the first year of the biennium for the program for chronically chemically dependent people at Ah Gwah Ching state nursing home. The commissioner of human services shall augment the program with federal money and any additional money provided through shared service agreements under Minnesota Statutes, section 246.57, after the amount of the state appropriation has been recovered and deposited in the medical assistance account.

(2) Current Expense

\$ 2,250,000 \$ 2,267,000

(3) Repairs and Betterments

\$ 382,000 \$ 232,000

For the biennium ending June 30, 1989, the commissioner may reallocate repair and betterment funds among projects as the commissioner determines necessary.

Wages for project labor may be paid from repair and replacement money if the employee is to be engaged in a construction or repair project of a short-term and nonrecurring nature.

(4) Special Equipment

\$ 74,000

(c) Other Reimbursement and Facilities

Administration Activities

\$ 6,258,800 \$ 3,158,100

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

For the child support enforcement activity, during the biennium ending June 30, 1989, money received from the counties for providing data processing services must be deposited in that activity's account. The money is appropriated to the commissioner of human services for the purposes of the child support enforcement activity.

Any balance remaining in the appropriation for the administrative process pilot program at the end of the first year does not cancel but is available for the second year.

Sec. 3. OFFICE OF FULL PRODUCTIVITY AND OPPORTUNITY

153,200

0

Sec. 4. COMMISSIONER OF JOBS AND TRAINING

Subdivision 1. Total

Appropriation

34,899,000

33,128,000

The amounts that may be spent from this appropriation for each program are more specifically described in the following subdivisions.

Subd. 2. Employment and

Training

\$12,697,000

\$11,213,000

Of this appropriation, \$9,000,000 each year is for Minnesota employment and economic development wage subsidies. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium. To the extent permissible under federal and state law, the commissioner shall use money available from the federal government and the private sector to fund the program.

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

Notwithstanding Minnesota Statutes, section 268.677, subdivision 2, the commissioner may spend up to one percent of the appropriation for wage subsidy for each fiscal year for the department's administrative costs and may allocate five percent of the appropriation for wage subsidy for each fiscal year to local service units for administrative costs.

Of the money appropriated for the summer youth employment program for fiscal year 1988, \$750,000 is immediately available. If that amount is insufficient for the costs incurred, an additional amount may be transferred with the advance approval of the commissioner of finance. Any unexpended balance of the immediately available money is available for the year in which it is appropriated. Contracts for the calendar year 1987 program must be written for the entire period of the calendar year 1987 program.

The commissioner of jobs and training shall develop, in consultation with the commissioners of education, human services, and natural resources, a coordinated plan for enhanced youth education, employment, and service opportunities. This plan shall consider the current programming of the Minnesota conservation corps, the Minnesota youth program, the summer youth employment and training program, community and secondary vocational education, and other appropriate programs in designing a coordinated cost-effective model which would enlarge opportunities for youth. The plan should also recommend a model for coordinated funding. The commissioners shall report to the appropriate committees of the legislature by January 1, 1988.

The commissioner may spend up to one percent of the appropriation for employment programs for each fiscal year for

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

the department's administrative costs and for program operators' administrative costs.

In the event the federal work incentive program is ended before June 30, 1989, any remaining funds appropriated from the general fund to the department of human services to operate the work incentive program shall transfer to a federal program enacted to replace the work incentive program. If no replacement program is enacted, any remaining funds shall transfer to the Minnesota employment and economic development wage subsidy program in the department of jobs and training. This transfer is in addition to funds appropriated to the wage subsidy program for the biennium.

The staff complement of the department of jobs and training reflects an increase of two positions to carry out duties formerly assigned to the coordinator of full productivity and opportunity.

Subd. 3. Rehabilitation Services

| | |
|--------------|--------------|
| \$20,281,000 | \$20,395,000 |
|--------------|--------------|

Any unexpended balance remaining in the first year does not cancel and is available for the second year.

Subd. 4. Community Services

| | |
|--------------|--------------|
| \$ 1,921,000 | \$ 1,520,000 |
|--------------|--------------|

Of this appropriation, \$200,000 the first year and \$200,000 the second year are to provide for the local storage, transportation, processing, and distribution of United States Department of Agriculture surplus commodities. The department of jobs and training shall report on the surplus commodities program to the state legislature by January 15 of each year.

Notwithstanding any law to the contrary, for the biennium ending June 30,

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

1989, the commissioner of jobs and training shall transfer to the community services block grant program ten percent of the money received under the low-income home energy assistance block grant in each year of the biennium and shall expend all of the transferred money during the year of the transfer or the year following the transfer. None of the transferred money may be used by the commissioner of jobs and training for administrative costs, except that up to two percent of the funds used to supplement the federal funding for Project Head Start may be used for administrative costs.

Twenty-five percent of the money transferred by the commissioner of jobs and training from the low-income home energy assistance block grant to the community services block grant shall be used to supplement the federal funding of Project Head Start for children from low-income families. Notwithstanding any law to the contrary, these transferred funds shall be allocated through the existing Project Head Start formula to existing Project Head Start grantees for the purpose of expanding services to additional low-income families. The transferred funds shall be expended according to the federal regulations governing Project Head Start, including Code of Federal Regulations, title 45, sections 1302 through 1305. Each local Project Head Start shall expend the supplemental funds during the year of their receipt or the year following their receipt.

The commissioner of jobs and training shall prepare an annual report to the legislature describing the uses and impacts of the Project Head Start supplemental funding. The first annual report shall be delivered to the appropriate committees of the legislature on January 1 following the first full school year for which supplemental funding is available.

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

For the biennium ending June 30, 1989, the commissioner of jobs and training shall shift to the low-income home weatherization program at least five percent of money received under the low-income home energy assistance block grant in each year of the biennium and shall expend all of the transferred funds during the year of the transfer or the year following the transfer. None of the transferred money may be used by the commissioner of jobs and training for administrative costs.

To the extent allowed by federal regulations, the commissioner of jobs and training shall ensure that the same income eligibility criteria apply to both the weatherization program and the energy assistance program.

For the biennium ending June 30, 1989, no more than 1.11 percent of funds received under the total low-income home energy assistance program may be used by the commissioner for departmental administrative costs.

Discretionary money from the community services block grant (regular) must be used to supplement the appropriation for local storage, transportation, processing, and distribution of United States Department of Agriculture surplus commodities to the extent supplementary funding is required. Any remaining funds shall be allocated to state-designated and state-recognized community action agencies, Indian reservations, and the Minnesota migrant council.

In the event that the federal office of community services does not recognize the Olmsted and Freeborn county community action agencies as eligible entities for full funding, the commissioner shall provide full funding for those agen-

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

cies from discretionary funds resulting from block grant transfers to the community services block grant. The balance of these funds may be used by the commissioner for discretionary purposes consistent with federal community services block grant guidelines stated in Public Law Number 97-35. The commissioner shall by January 1, 1988, report to the legislature on the use of these funds.

The commissioner shall by January 1, 1988, provide to the chairs of the health and human services divisions of the house appropriations committee and the senate finance committee a written plan describing how the department's division of community services will issue one contract for human service programs, with the community action agencies, the Indian reservations, and the Minnesota migrant council, including but not limited to, the community services block grant program, the low-income home weatherization program, the low-income energy assistance program, the USDA Surplus Commodities Program, and all other programs for which the division has contractual responsibility.

Sec. 5. COMMISSIONER OF CORRECTIONS

Subdivision 1. Appropriation by Fund

| | | |
|----------------------|------------|------------|
| General Fund | 97,655,600 | 98,730,400 |
| Special Revenue Fund | 126,500 | 126,500 |

The amounts that may be spent from the appropriation for each program and activity are more specifically described in the following subdivisions.

Positions and administrative money may be transferred within the department of corrections as the commissioner considers necessary, upon the advance approval of the commissioner of finance.

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

For the biennium ending June 30, 1989, the commissioner of corrections may, with the approval of the commissioner of finance and upon notification of the chairs of the health and human services divisions of the house appropriations committee and the senate finance committee, transfer funds to or from salaries.

Any unencumbered balances within this section remaining in the first year shall not cancel but are available for the second year of the biennium.

| | | |
|------------------------------|------------|------------|
| Subd. 2. Management Services | 3,714,900 | 3,928,000 |
| Subd. 3. Community Services | 23,383,700 | 24,633,400 |

Of this appropriation, \$13,329,000 the first year and \$14,829,000 the second year are for community corrections act subsidies.

\$50,000 from the general fund is to provide a state match for county funds used by the Hennepin county department of community services to establish a juvenile residential facility as defined in Minnesota Rules, part 2935.0100, subpart 13, in Hennepin county. The facility shall be used exclusively as a residential placement for American Indian juveniles who are referred for placement by the juvenile court or the commissioner of corrections. Money appropriated under this section may be used to acquire a facility, provide equipment and furnishings for the facility, employ staff, and make modifications necessary to meet the licensing standards of the commissioner under Minnesota Rules, chapter 2935.

Notwithstanding any other law to the contrary, the commissioner of finance shall deposit in the special revenue account receipts from the provision of juvenile probation services to Lincoln, Lyon, and Faribault counties. These

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

receipts are appropriated to fund battered women grants for the biennium ending June 30, 1989.

There is appropriated for fiscal year 1987, \$19,400 from the general fund for probation and supervised release.

This appropriation includes \$76,000 for a grant under Minnesota Statutes, section 241.022, to the West Central Juvenile Center in Moorhead.

Any unencumbered balance remaining in the county probation reimbursement account at the end of the first year does not cancel but is available for the second year of the biennium. Any surplus remaining in the account at the end of the biennium cancels to the general fund.

Subd. 4. Correctional

| | | |
|-----------------------------|--------------|------------|
| Institutions | 70,557,000 | 70,169,000 |
| (a) Salaries | | |
| \$52,610,400 | \$52,438,400 | |
| (b) Current Expense | | |
| \$12,252,000 | \$12,254,000 | |
| (c) Repairs and Betterments | | |
| \$ 1,368,000 | \$ 1,164,000 | |
| (d) Special Equipment | | |
| \$ 342,000 | \$ 334,000 | |
| (e) Institution Support | | |
| \$ 3,984,600 | \$3,978,600 | |

For the biennium ending June 30, 1989, the commissioner may reallocate repair and betterment funds among projects as the commissioner determines necessary.

The commissioner may enter into agreements with the appropriate Alaskan officials, or officials of any state, political subdivision, or the United States, for housing prisoners in Minnesota correc-

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

tional facilities. Money received under the agreements is appropriated to the commissioner for correctional purposes.

Any unencumbered balances in special equipment, repairs and replacement, food provisions, and central office health care, remaining in the first year do not cancel and are available for the second year.

Wages for project labor may be paid from repair and replacement money if the employee is to be engaged in a construction or repair project of a short-term and nonrecurring nature.

Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner may sell surplus property at Lino Lakes Correctional Facility to Anoka county and the proceeds from a sale are appropriated to the commissioner to expand living quarters at the facility after review by the chair of the house human services division of appropriations and the chair of the senate health and human services subcommittee of finance.

| | | |
|--|---------|---------|
| Sec. 6. SENTENCING GUIDELINES COMMISSION | 198,000 | 201,100 |
|--|---------|---------|

| | | |
|-------------------------------|---------|---------|
| Sec. 7. CORRECTIONS OMBUDSMAN | 331,000 | 331,000 |
|-------------------------------|---------|---------|

Sec. 8. COMMISSIONER OF HEALTH

Subdivision 1. Appropriation by Fund

| | | |
|--|------------|------------|
| General Fund | 31,528,500 | 31,205,900 |
| Public Health Fund | 3,420,400 | 3,419,300 |
| Trunk Highway Fund | 536,000 | 535,400 |
| Metropolitan Landfill Contingency Fund | 140,100 | 140,100 |

The amounts that may be spent from this appropriation for each program and activity are more specifically described in the following subdivisions.

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

Positions and administrative money may be transferred within the department of health as the commissioner considers necessary, with the advance approval of the commissioner of finance.

Subd. 2. Preventive and Protective Health Services

| | | |
|--|-----------|-----------|
| General Fund | 8,032,000 | 7,494,000 |
| Public Health Fund | 1,727,200 | 1,726,800 |
| Metropolitan Landfill Contingency Fund | 140,100 | 140,100 |

Of this general fund appropriation \$50,000 in 1988 is to pay the St. Paul Ramsey Medical Center for autopsies for the purposes of Laws 1985, First Special Session chapter 9, article 2, sections 14, 15, and 91, except that payments may be made to physicians and pathologists statewide for their services and expenses related to the removal, transportation and storage of decedents' brains. The number of autopsies that may be performed is limited only by the amount of the appropriation. The appropriation is available until expended.

Of this appropriation, \$140,100 each year is appropriated from the metropolitan landfill contingency fund for monitoring well water supplies in the metropolitan area.

The appropriation for preventive and protective health services reflects an increase of \$54,000 the first year and \$53,000 the second year for swimming pool surveillance and monitoring. The increase is not available until the department has established a fee system that will allow the increased costs to be fully recovered.

Subd. 3. Health Delivery

Systems

| | | |
|--------------------|------------|------------|
| General Fund | 20,437,000 | 20,591,400 |
| Public Health Fund | 1,693,200 | 1,692,500 |
| Trunk Highway Fund | 536,000 | 535,400 |

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

Of this appropriation, \$11,828,000 from the general fund each year is for the community health services subsidy.

For the purposes of the community health services subsidy, the commissioner of finance may authorize the transfer of money to the community health services activity from the other programs in this section.

The state appropriation to supplement the federal Women, Infants and Children (WIC) program in each year is to be spent consistent with federal requirements. Any balance remaining in the first year does not cancel but is available for the second year.

Of this appropriation, \$536,000 the first year and \$535,400 the second year are appropriated from the trunk highway fund for emergency medical services activities.

If the appropriation for community health services or services to children with handicaps is insufficient for either year, the appropriation for the other year is available, by direction of the governor after consulting with the legislative advisory commission.

Notwithstanding any law to the contrary, appropriations from the general fund for services to children with handicaps for fiscal years 1987, 1988, and 1989 are available until expended and may be used in the maternal and child health activity for grants, staff and supplies consistent with section 8, page 37 of the governor's 1987-1989 biennial budget document. All receipts generated by the services to children with handicaps program are to be deposited as dedicated receipts and appropriated to the commissioner of health for use in the maternal and child health program.

Subd. 4. Health Support Services

| | | |
|--------------|-----------|-----------|
| General Fund | 3,059,500 | 3,120,500 |
|--------------|-----------|-----------|

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

**Sec. 9. HAZARDOUS
SUBSTANCE INJURY COMPENSA-
TION BOARD**

The \$2,000,000 appropriated to the Hazardous Substance Injury Compensation Board in Laws 1985, First Special Session, chapter 8, section 18 is available until expended.

**Sec. 10. HEALTH-RELATED
BOARDS**

| | | |
|---------------------------------------|-----------|-----------|
| Subdivision 1. Total for this section | 3,515,600 | 3,534,600 |
|---------------------------------------|-----------|-----------|

The appropriations in this section are from the special revenue fund.

| | | |
|--------------------------------|-----------|-----------|
| Subd. 2. Board of Chiropractic | | |
| Examiners | 174,200 | 162,200 |
| Subd. 3. Board of Dentistry | | |
| | 317,100 | 317,400 |
| Subd. 4. Board of Medical | | |
| Examiners | 1,323,100 | 1,353,000 |

The board of medical examiners shall establish fees for individuals licensed or registered by it at a level which nearly equals the board's appropriation, general support costs, indirect costs, and attorney general costs. The fees must be set in accordance with the procedure established by Minnesota Statutes, section 16A.128, subdivision 2a, in effect on August 1, 1984.

| | | |
|---------------------------|---------|---------|
| Subd. 5. Board of Nursing | 867,100 | 867,700 |
|---------------------------|---------|---------|

The board of nursing may supplement its appropriation by receipts from the board of podiatry for services provided to the board of podiatry.

| | | |
|---------------------------------|---------|---------|
| Subd. 6. Board of Examiners for | | |
| Nursing Home Administrators | 131,900 | 132,000 |
| Subd. 7. Board of Optometry | | |
| | 46,900 | 47,000 |
| Subd. 8. Board of Pharmacy | | |
| | 405,300 | 405,500 |

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

| | | |
|---|---------|---------|
| Subd. 9. Board of Podiatry | 9,600 | 9,600 |
| Subd. 10. Board of Psychology | 160,300 | 160,100 |
| Subd. 11. Board of Veterinary Medicine | 80,100 | 80,100 |
| Subd. 12. Revenue | | |

The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account, if the amount transferred does not exceed the amount of surplus revenue accumulated by the transferee during the previous five years.

Subd. 13. Attorney General Services

Notwithstanding any law to the contrary, in the event the office of the attorney general does not provide legal and investigative services to the health-related licensing boards in either fiscal year 1988 or fiscal year 1989 in an amount at least equal to the services provided in fiscal year 1986, the boards are authorized to contract with the office of the attorney general for such services in amounts not to exceed fee revenues for the year affected.

Sec. 11. BUDGET BOOK FORMAT

Notwithstanding Minnesota Statutes, section 16A.11, the commissioner of finance shall consult with and seek the recommendations of the chair of the house appropriations committee and the chair of the senate finance committee and their respective division chairs prior to adopting a format for the 1989-1991 biennial budget document. The commissioner of

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

finance shall not adopt a format for the 1989-1991 biennial budget document until the commissioner has received the positive recommendations of the chair of the house appropriations committee and the chair of the senate finance committee.

Sec. 12. FEDERAL RECEIPTS

For the biennium ending June 30, 1989, federal receipts as shown in the biennial budget document or in working papers of the two appropriations committees to be used for financing activities, programs, and projects under the supervision and jurisdiction of the commissioner of human services must be accredited to and become a part of the appropriations provided for in section 2.

Sec. 13. PROVISIONS

For the biennium ending June 30, 1989, money appropriated to the commissioner of corrections and the commissioner of human services in this act for the purchase of provisions within the item "current expense" must be used solely for that purpose. Money provided and not used for purchase of provisions must be canceled into the fund from which appropriated, except that money provided and not used for the purchase of provisions because of population decreases may be transferred and used for the purchase of medical and hospital supplies with the approval of the governor after consulting with the legislative advisory commission.

The allowance for food may be adjusted annually according to the United States department of labor, bureau of labor statistics publication, producer price index, with the approval of the commissioner of finance. Adjustments for fiscal year 1988 and fiscal year 1989 must be based on the June 1987, and June 1988, producer price index respectively, but the

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

adjustment must be prorated if the wholesale food price index adjustment would require money in excess of this appropriation.

Sec. 14. TRANSFERS OF MONEY

Subdivision 1. Governor's Approval Required

For the biennium ending June 30, 1989, the commissioners of human services, corrections, jobs and training, and health shall not transfer money to or from the object of expenditure "personal services" to or from the object of expenditure "claims and grants," as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, except for services for the blind, basic client rehabilitation services, and rehabilitation services for workers' compensation recipients, and for those transfers that have the written approval of the governor after consulting with the legislative advisory commission.

Subd. 2. Transfers of Unencumbered Appropriations

For the biennium ending June 30, 1989, the commissioners of human services, corrections, and health by direction of the governor after consulting with the legislative advisory commission may transfer unencumbered appropriation balances and positions among all programs.

Sec. 15. APPROVED COMPLEMENT

For the biennium ending June 30, 1989, the approved complements indicated in this act are full-time equivalent posi-

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

tions and apply only to positions paid for with money appropriated by this act.

Additional employees over the approved complement may be employed on the basis of public necessity or emergency with the written approval of the governor, but the governor shall not approve the consulting with the legislative advisory commission.

Subd. 2. Transfers of Unencumbered Appropriations

For the biennium ending June 30, 1989, the commissioners of human services, corrections, and health by direction of the governor after consulting with the legislative advisory commission may transfer unencumbered appropriation balances and positions among all programs.

Sec. 16. APPROVED COMPLEMENT

For the biennium ending June 30, 1989, the approved complements indicated in this act are full-time equivalent positions and apply only to positions paid for with money appropriated by this act.

Additional employees over the approved complement may be employed on the basis of public necessity or emergency with the written approval of the governor, but the governor shall not approve the additional personnel until he has consulted with the legislative advisory commission. Requests for increases in the approved complement must be forwarded to the house committee on appropriations and Senate committee on finance at least 30 days before the legislative advisory commission meeting.

Sec. 17. MASTER LEASE

If an amount is appropriated in this act

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

to purchase equipment, and the equipment is instead acquired using a master lease, the commissioner of finance shall reduce the allotment for equipment by the amount of the savings after written consultation with the chairs of the house appropriations committee and the senate finance committee. Any unencumbered balance allotted for this equipment remaining in the first year does not cancel and is available for the second year.

ARTICLE 2

Section 1. Minnesota Statutes 1986, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

| | |
|---|---|
| | Salary Range Effective July 1, 1983 |
| Commissioner of education; Commissioner of finance; Commissioner of transportation; Commissioner of human services; Executive director, state board of investment; | \$57,500-\$70,000 |
| Commissioner of administration; Commissioner of agriculture; Commissioner of commerce; Commissioner of corrections; Commissioner of jobs and training; Commissioner of employee relations; Commissioner of energy and economic development; Commissioner of health; Commissioner of labor and industry; Commissioner of natural resources; Commissioner of revenue; Commissioner of public safety; Chair, waste management board; Chief administrative law judge; office of administrative hearings; | \$50,000-\$60,000 |

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

Director, pollution control agency;
Director, state planning agency;
Executive director, housing finance
agency;
Executive director, public employees
retirement association;
Executive director, teacher's
retirement association;
Executive director, state retirement
system;
Chair, metropolitan council;
Chair, regional transit board;
~~Coordinator of full productivity and
opportunity;~~
Commissioner of human rights;
Director, department of public service;
Commissioner of veterans' affairs;
Director, bureau of mediation services;
Commissioner, public utilities commission;
Member, transportation regulation board.

\$40,000-\$52,500

Sec. 2. [62D.211] RENEWAL FEE.

Each health maintenance organization subject to sections 62D.01 to 62D.29 shall submit to the commissioner of health each year before April 1 a certificate of authority renewal fee in the amount of \$10,000 each plus 20 cents per person enrolled in the health maintenance organization on December 31 of the preceding year. The commissioner may adjust the renewal fee in rule under the provisions of chapter 14.

Sec. 3. REPORT.

The commissioner shall report to the legislature before January 15, 1988, assessing the effect of the renewal fee structure upon health maintenance organizations and making any necessary recommendations for changes in this method of computing certificate of authority renewal fees.

Sec. 4. Minnesota Statutes 1986, section 86.33, subdivision 2, is amended to read:

Subd. 2. **PROJECT COORDINATION.** The commissioner of natural resources shall ~~consult with the full productivity and opportunity coordinator and~~ develop a plan that establishes: a priority for unemployed youths who are economically, socially, physically, or educationally disadvantaged; the ways in which participants will be assisted in gaining ongoing employment or training upon completing the projects; the ways in which exclusive bargaining representatives are to be consulted in regard to the positions and job duties of persons employed in projects; and how the projects are coordinated with other publicly authorized or subsidized programs.

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

The commissioner shall submit the plan to the full productivity and opportunity coordinator in each even-numbered year, according to standards established by the coordinator for use in developing a biennial statewide employment and training plan.

Sec. 5. Minnesota Statutes 1986, section 86.33, subdivision 3, is amended to read:

Subd. 3. **REPORTING; CORPS MEMBER STATUS; FEES.** The commissioner of natural resources shall cooperate with the full productivity and opportunity coordinator in developing and implementing any evaluation and reporting systems for employment and training programs. All camp staff except camp directors in the young adult program are corps members. Corps members are not eligible for unemployment compensation or other benefits except workers' compensation, and they are not employees of the state of Minnesota within the meaning of section 43A.02, subdivision 21. The commissioner may charge a fee for any service performed by the corps.

Sec. 6. Minnesota Statutes 1986, section 136C.06, is amended to read:

136C.06 SOLE STATE AGENCY.

The state board of vocational technical education is the sole state agency to receive and disburse federal funds authorized by the Vocational Education Act of 1963, as amended in the education amendments of 1976, Public Law Number 94-482, and Code of Federal Regulations, title 34, part 400. The state board shall develop and submit the state plan for vocational technical education. The state board shall develop the state plan according to terms of agreement with the state board of education. ~~Before developing and submitting the state plan, the state board shall consult with the full productivity and opportunity coordinator. The state board shall submit the state plan to the full productivity and opportunity coordinator for use in developing a biennial statewide employment and training plan.~~

Sec. 7. Minnesota Statutes 1986, section 144.122, is amended to read:

144.122 LICENSE AND PERMIT FEES.

(a) The state commissioner of health, by rule, may prescribe reasonable procedures and fees for filing with the commissioner as prescribed by statute and for the issuance of original and renewal permits, licenses, registrations and certifications issued under authority of the commissioner. The expiration dates of the various licenses, permits, registrations and certifications as prescribed by the rules shall be plainly marked thereon. Fees may include application and examination fees and a penalty fee for renewal applications submitted after the expiration date of the previously issued permit, license, registration, and certification. The commissioner may also prescribe, by rule, reduced fees for permits, licenses, registrations, and certifications when the application therefor is submitted during the last three months of the permit, license, registration, or certification.

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

ion period. Fees proposed to be prescribed in the rules shall be first approved by the department of finance. All fees proposed to be prescribed in rules shall be reasonable. The fees shall be in an amount so that the total fees collected by the commissioner will, where practical, approximate the cost to the commissioner in administering the program. All fees collected shall be deposited in the state treasury and credited to the general fund unless otherwise specifically appropriated by law for specific purposes.

(b) The commissioner may charge a fee for voluntary certification of medical laboratories and environmental laboratories, and for environmental and medical laboratory services provided by the department, without complying with subdivision 1 or chapter 14. Fees charged for environment and medical laboratory services provided by the department must be approximately equal to the costs of providing the services.

Sec. 8. Minnesota Statutes 1986, section 144.123, subdivision 2, is amended to read:

Subd. 2. The commissioner of health shall promulgate rules, in accordance with chapter 14, which shall specify the amount of the handling fee prescribed in subdivision 1. The fee shall approximate the costs to the department of handling specimens including reporting, postage, specimen kit preparation, and overhead costs. The fee prescribed in subdivision 1 shall be ~~\$1.50~~ \$5 per specimen until the commissioner promulgates rules pursuant to this subdivision.

Sec. 9. [144.671] CANCER SURVEILLANCE SYSTEM; PURPOSE.

The commissioner of health shall establish a statewide population-based cancer surveillance system. The purpose of this system is to:

(1) monitor incidence trends of cancer to detect potential public health problems, predict risks, and assist in investigating cancer clusters;

(2) more accurately target intervention resources for communities and patients and their families;

(3) inform health professionals and citizens about risks, early detection, and treatment of cancers known to be elevated in their communities; and

(4) promote high quality research to provide better information for cancer control and to address public concerns and questions about cancer.

Sec. 10. [144.672] DUTIES OF COMMISSIONER; RULES.

Subdivision 1. RULE AUTHORITY. The commissioner of health shall collect cancer incidence information, analyze the information, and conduct special studies designed to determine the potential public health significance of an increase in cancer incidence.

The commissioner shall adopt rules to administer the system, collect infor-

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

mation, and distribute data. The rules must include, but not be limited to, the following:

(1) the type of data to be reported;

(2) standards for reporting specific types of data;

(3) payments allowed to hospitals, pathologists, and registry systems to defray their costs in providing information to the system;

(4) criteria relating to contracts made with outside entities to conduct studies using data collected by the system. The criteria may include requirements for a written protocol outlining the purpose and public benefit of the study, the description, methods, and projected results of the study, peer review by other scientists, the methods and facilities to protect the privacy of the data, and the qualifications of the researcher proposing to undertake the study;

(5) specification of fees to be charged under section 13.03, subdivision 3, for all out-of-pocket expenses for data summaries or specific analyses of data requested by public and private agencies, organizations, and individuals, and which are not otherwise included in the commissioner's annual summary reports. Fees collected are appropriated to the commissioner to offset the cost of providing the data; and

(6) establishment of a committee to assist the commissioner in the review of system activities.

Subd. 2. BIENNIAL REPORT REQUIRED. The commissioner of health shall prepare and transmit to the governor and to members of the legislature a biennial report on the incidence of cancer in Minnesota and a compilation of summaries and reports from special studies and investigations performed to determine the potential public health significance of an increase in cancer incidence, together with any findings and recommendations. The first report shall be delivered by February 1989, with subsequent reports due in February of each of the following odd-numbered years.

Sec. 11. Minnesota Statutes 1986, section 144.68, is amended to read:

144.68 RECORDS AND REPORTS REQUIRED.

Subdivision 1. **PERSON PRACTICING HEALING ARTS.** Every person licensed to practice the healing arts in any form, upon request of the state commissioner of health, shall prepare and forward to the commissioner, in the manner and at such times as the commissioner designates, a detailed record of each case of ~~malignant disease~~ cancer treated or seen by the person professionally.

Subd. 2. **HOSPITALS AND SIMILAR INSTITUTIONS.** Every hospital, ~~sanatorium, nursing home~~ medical clinic, medical laboratory, or other institution for the hospitalization, clinical or laboratory diagnosis, or care of human

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

beings, upon request of the state commissioner of health, shall prepare and forward to the commissioner, in the manner and at the times designated by the commissioner, a detailed record of each case of ~~malignant disease having been~~ therein cancer.

Subd. 3. **INFORMATION REPORTING WITHOUT LIABILITY.** The furnishing of the information required under subdivisions 1 and 2 shall not subject the person, hospital, ~~sanatorium, nursing home~~ medical clinic, medical laboratory, or other ~~place~~ institution furnishing the information, to any action for damages or other relief.

Sec. 12. Minnesota Statutes 1986, section 144.69, is amended to read:

144.69 INFORMATION NOT AVAILABLE TO THE PUBLIC CLASSIFICATION OF DATA ON INDIVIDUALS.

No such report, or part thereof, nor any copy of the same or part thereof, shall be open to the public; nor shall any of the contents thereof be disclosed; in any manner; by any official or clerk or other employee or person having access thereto; but all such information Notwithstanding any law to the contrary, including section 13.05, subdivision 9, data collected on individuals by the cancer surveillance system, including the names and personal identifiers of persons required in section 144.68 to report, shall be ~~confidential~~ private and may only be used for the purposes set forth in sections ~~144.66 to 144.671, 144.672, 144.68, and 144.69.~~ 144.671, 144.672, 144.68, and 144.69. And any such disclosure other than is provided for in sections ~~144.66 to 144.671, 144.672, 144.68, and 144.69,~~ is hereby declared to be a misdemeanor and punishable as such. ~~No~~ Except as provided by rule, and as part of an epidemiologic investigation, an officer or employee of the board ~~shall~~ may ~~commissioner of health~~ may interview ~~any patient~~ patients named in any such report, ~~nor a relative or relatives~~ of any such patient, ~~unless only after~~ only after the consent of the attending physician ~~and or~~ or surgeon is first obtained.

Sec. 13. Minnesota Statutes 1986, section 144A.33, subdivision 3, is amended to read:

Subd. 3. **FUNDING OF ADVISORY COUNCIL EDUCATION.** A license application or renewal fee for nursing homes and boarding care homes under section 144.53 or 144A.07 must be increased by ~~\$1.73~~ \$2.75 per bed to fund the development and education of resident and family advisory councils.

Sec. 14. Minnesota Statutes 1986, section 144A.33, subdivision 4, is amended to read:

Subd. 4. **SPECIAL ACCOUNT.** All money collected by the commissioner of health under subdivision 3 must be deposited in the state treasury and credited to a special account called the nursing home advisory council fund. Money credited to the fund is appropriated to the Minnesota board on aging for the purposes of this section.

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

Sec. 15. Minnesota Statutes 1986, section 171.29, subdivision 2, is amended to read:

Subd. 2. (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a \$30 fee before the person's drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a ~~\$150~~ \$200 fee before the person's drivers license is reinstated to be credited as follows:

(1) ~~50~~ 25 percent shall be credited to the trunk highway fund;

(2) ~~25~~ 50 percent shall be credited to a separate account to be known as the county probation reimbursement account. Money in this account is appropriated to the commissioner of corrections for the costs that counties assume under Laws 1959, chapter 698, of providing probation and parole services to wards of the commissioner of corrections. This money is provided in addition to any money which the counties currently receive under section 260.311, subdivision 5; and

(3) 25 percent shall be credited to a separate account to be known as the alcohol impaired driver education account. Money in the account is appropriated to the commissioner of education for grants to develop alcohol impaired driver education programs in elementary, secondary, and post-secondary schools. The state board of education shall establish guidelines for the distribution of the grants. The commissioner of education shall report to the legislature by January 15, 1988, on the expenditure of grant funds under this clause.

Sec. 16. **[245.461] POLICY AND CITATION.**

Subdivision 1. CITATION. Sections 245.461 to 245.486 may be cited as the "Minnesota comprehensive mental health act."

Subd. 2. MISSION STATEMENT. The commissioner shall create and ensure a unified, accountable, comprehensive mental health service system that:

(1) recognizes the right of people with mental illness to control their own lives as fully as possible;

(2) promotes the independence and safety of people with mental illness;

(3) reduces chronicity of mental illness;

(4) reduces abuse of people with mental illness;

(5) provides services designed to:

(i) increase the level of functioning of people with mental illness or restore them to a previously held higher level of functioning;

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

- (ii) stabilize individuals with mental illness;
 - (iii) prevent the development and deepening of mental illness;
 - (iv) support and assist individuals in resolving emotional problems that impede their functioning;
 - (v) promote higher and more satisfying levels of emotional functioning; and
 - (vi) promote sound mental health; and
- (6) provides a quality of service that is effective efficient, appropriate, and consistent with contemporary professional standards in the field of mental health.

Subd. 3. REPORT. By February 15, 1988, and annually after that until February 15, 1990, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.461 to 245.486 and on additional resources needed to further implement those sections.

Sec. 17. [245.462] DEFINITIONS.

Subdivision 1. DEFINITIONS. The definitions in this section apply to sections 245.461 to 245.486.

Subd. 2. ACUTE CARE HOSPITAL INPATIENT TREATMENT. "Acute care hospital inpatient treatment" means short-term medical, nursing, and psycho-social services provided in an acute care hospital licensed under chapter 144.

Subd. 3. CASE MANAGEMENT ACTIVITIES. "Case management activities" means activities that are part of the community support services program as defined in subdivision 6 and are designed to help people with serious and persistent mental illness in gaining access to needed medical, social, educational, vocational, and other necessary services as they relate to the client's mental health needs. Case management activities include obtaining a diagnostic assessment, developing an individual community support plan, referring the person to needed mental health and other services, coordinating services, and monitoring the delivery of services.

Subd. 4. CASE MANAGER. "Case manager" means an individual authorized by the county board to provide case management activities as part of a community support services program. A case manager must be qualified at the mental health practitioner level, skilled in the process of identifying and assessing a wide range of client needs, and knowledgeable about local community resources and how to use those resources for the benefit of the client.

Subd. 5. COMMISSIONER. "Commissioner" means the commissioner of human services.

Subd. 6. COMMUNITY SUPPORT SERVICES PROGRAM "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the clinical supervision of a mental health professional designed to help people with serious and persistent mental illness to function and remain in

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

the community. A community support services program includes case management activities provided to persons with serious and persistent mental illness, client outreach, medication management, assistance in independent living skills, development of employability and supportive work opportunities, crisis assistance, psychosocial rehabilitation, help in applying for government benefits, and the development, identification, and monitoring of living arrangements.

Subd. 7. COUNTY BOARD. "County board" means the county board of commissioners or board established pursuant to the joint powers act, section 471.59, or the human services board act, sections 402.01 to 402.10.

Subd. 8. DAY TREATMENT SERVICES. "Day treatment services" means a structured program of intensive therapeutic and rehabilitative services at least one day a week for a minimum three-hour time block that is provided within a group setting by a multidisciplinary staff under the clinical supervision of a mental health professional. Day treatment services are not a part of inpatient or residential treatment services, but may be part of a community support services program.

Subd. 9. DIAGNOSTIC ASSESSMENT. "Diagnostic assessment" means a written summary of the history, diagnosis, strengths, vulnerabilities, and general service needs of a person with mental illness using diagnostic, interview, and other relevant mental health techniques provided by a mental health professional used in developing an individual treatment plan or individual community support plan.

Subd. 10. EDUCATION AND PREVENTION SERVICES. "Education and prevention services" means services designed to educate the general public or special high-risk target populations about mental illness, to increase the understanding and acceptance of problems associated with mental illness, to increase people's awareness of the availability of resources and services, and to improve people's skills in dealing with high-risk situations known to affect people's mental health and functioning.

Subd. 11. EMERGENCY SERVICES. "Emergency services" means an immediate response service available on a 24-hour, seven-day-a-week basis for persons having a psychiatric crisis or emergency.

Subd. 12. INDIVIDUAL COMMUNITY SUPPORT PLAN. "Individual community support plan" means a written plan developed by a case manager on the basis of a diagnostic assessment. The plan identifies specific services needed by a person with serious and persistent mental illness to develop independence or improved functioning in daily living, health and medication management, social functioning, interpersonal relationships, financial management, housing, transportation, and employment.

Subd. 13. INDIVIDUAL PLACEMENT AGREEMENT. "Individual placement agreement" means a written agreement or supplement to a service contract entered into between the county board and a service provider on behalf of an individual client to provide residential treatment services.

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

Subd. 14. INDIVIDUAL TREATMENT PLAN. "Individual treatment plan" means a written plan of intervention, treatment, and services for a person with mental illness that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individual responsible for providing treatment to the person with mental illness.

Subd. 15. LOCAL MENTAL HEALTH PROPOSAL. "Local mental health proposal" means the proposal developed by the county board, reviewed by the commissioner, and described in section 18.

Subd. 16. MENTAL HEALTH FUNDS. "Mental health funds" are funds expended under sections 245.73 and 256E.12, federal mental health block grant funds, and funds expended under sections 256D.06 and 256D.37 to facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Subd. 17. MENTAL HEALTH PRACTITIONER. "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university, and has 2,000 hours of supervised experience in the delivery of services to persons with mental illness;

(2) has 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields formally assigned to an agency or facility for clinical training by an accredited college or university; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university with less than 4,000 hours post-master's experience in the treatment of mental illness.

Subd. 18. MENTAL HEALTH PROFESSIONAL. "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse with a master's degree in one of the behavioral sciences or related fields from an accredited college or university or its equivalent, who is licensed under sections 148.171 to 148.285, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work: a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

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

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Subd. 19. MENTAL HEALTH SERVICES. "Mental health services" means all of the treatment services and management activities that are provided to persons with mental illness and are described in sections 245.468 to 245.476.

Subd. 20. MENTAL ILLNESS. (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) A "person with acute mental illness" means a person who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of sections 245.461 to 245.486, a "person with serious and persistent mental illness" means a person who has a mental illness and meets at least one of the following criteria:

(1) The person has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months.

(2) The person has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months.

(3) The person has had a history of recurring inpatient or residential treatment episodes of a frequency described in clause (1) or (2), but not within the preceding 24 months. There must also be a written opinion of a mental health professional stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment unless an ongoing community support services program is provided.

Subd. 21. OUTPATIENT SERVICES. "Outpatient services" means mental health services, excluding day treatment and community support services pro-

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

grams, provided by or under the clinical supervision of a mental health professional to persons with a mental illness who live outside a hospital or residential treatment setting. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Subd. 22. REGIONAL TREATMENT CENTER INPATIENT SERVICES. "Regional treatment center inpatient services" means the medical, nursing, or psychosocial services provided in a regional treatment center operated by the state.

Subd. 23. RESIDENTIAL TREATMENT. "Residential treatment" means a 24-hour-a-day residential program under the clinical supervision of a mental health professional, other than an acute care hospital or regional treatment center, which must be licensed as a residential treatment facility for mentally ill persons under Minnesota Rules, parts 9520.0500 to 9520.0690 for adults, 9545.0900 to 9545.1090 for children, or other rule adopted by the commissioner.

Subd. 24. SERVICE PROVIDER. "Service provider" means either a county board or an individual or agency including a regional treatment center under contract with the county board that provides mental health services funded by sections 245.461 to 245.486.

Subd. 25. CLINICAL SUPERVISION. "Clinical supervision," when referring to the responsibilities of a mental health professional, means the oversight responsibility of a mental health professional for individual treatment plans, service delivery, and program activities. Clinical supervision may be accomplished by full or part-time employment of or contracts with mental health professionals. Clinical supervision must be documented by the mental health professional cosigning individual treatment plans and evidence of input into service delivery and program development.

Sec. 18. [245.463] PLANNING FOR A MENTAL HEALTH SYSTEM.

Subdivision 1. PLANNING EFFORT. Starting on the effective date of sections 245.461 to 245.486 and ending June 30, 1988, the commissioner and the county agencies shall plan for the development of a unified, accountable, and comprehensive statewide mental health system. The system must be planned and developed by stages until it is operating at full capacity.

Subd. 2. TECHNICAL ASSISTANCE. The commissioner shall provide ongoing technical assistance to county boards to develop local mental health proposals as specified in section 245.479, to improve system capacity and quality. The commissioner and county boards shall exchange information as needed about the numbers of persons with mental illness residing in the county and extent of existing treatment components locally available to serve the needs of those persons. County boards shall cooperate with the commissioner in obtaining necessary planning information upon request.

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

Sec. 19. **[245.464] COORDINATION OF MENTAL HEALTH SYSTEM.**

Subdivision 1. SUPERVISION. The commissioner shall supervise the development and coordination of locally available mental health services by the county boards in a manner consistent with sections 245.461 to 245.486. The commissioner shall coordinate locally available services with those services available from the regional treatment center serving the area. The commissioner shall review local mental health service proposals developed by county boards as specified in section 18 and provide technical assistance to county boards in developing and maintaining locally available mental health services. The commissioner shall monitor the county board's progress in developing its full system capacity and quality through ongoing review of the county board's mental health proposals, quarterly reports, and other information as required by sections 245.461 to 245.486.

Subd. 2. PRIORITIES. By January 1, 1990, the commissioner shall require that each of the treatment services and management activities described in sections 245.469 to 245.477 are developed for persons with mental illness within available resources based on the following ranked priorities:

(1) the provision of locally available emergency services;

(2) the provision of locally available services to all persons with serious and persistent mental illness and all persons with acute mental illness;

(3) the provision of specialized services regionally available to meet the special needs of all persons with serious and persistent mental illness and all persons with acute mental illness;

(4) the provision of locally available services to persons with other mental illness; and

(5) the provision of education and preventive mental health services targeted at high-risk populations.

Sec. 20. **[245.465] DUTIES OF COUNTY BOARD.**

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local mental health service proposal approved by the commissioner. The county board must:

(1) develop and coordinate a system of affordable and locally available mental health services in accordance with sections 245.466 to 245.474;

(2) provide for case management services to persons with serious and persistent mental illness in accordance with section 245.475;

(3) provide for screening of persons specified in section 245.476 upon admission to a residential treatment facility or acute care hospital inpatient, or informal admission to a regional treatment center; and

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

(4) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.461 to 245.486.

Sec. 21. [245.466] LOCAL SERVICE DELIVERY SYSTEM.

Subdivision 1. DEVELOPMENT OF SERVICES. The county board in each county is responsible for using all available resources to develop and coordinate a system of locally available and affordable mental health services. The county board may provide some or all of the mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward full implementation of sections 245.461 to 245.486 during the period July 1, 1987 to January 1, 1990. County boards must develop fully each of the treatment services and management activities prescribed by sections 245.461 to 245.486 by January 1, 1990, according to the priorities established in section 245.464 and local mental health services proposal approved by the commissioner under section 245.478.

Subd. 2. MENTAL HEALTH SERVICES. The mental health service system developed by each county board must include the following treatment services:

- (1) education and prevention services in accordance with section 245.468;
- (2) emergency services in accordance with section 245.469;
- (3) outpatient services in accordance with section 245.470;
- (4) community support program services in accordance with sections 245.471 and 245.475;
- (5) residential treatment services in accordance with section 245.472;
- (6) acute care hospital inpatient treatment services in accordance with section 245.473;
- (7) regional treatment center inpatient services in accordance with section 245.474; and
- (8) screening in accordance with section 245.476.

Subd. 3. LOCAL CONTRACTS. Effective January 1, 1988, the county board shall review all proposed county agreements, grants, or other contracts related to mental health services for funding from any local, state, or federal governmental sources. Contracts with service providers must:

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

(1) name the commissioner as a third party beneficiary;

(2) identify monitoring and evaluation procedures not in violation of the Minnesota government data practices act, chapter 13, which are necessary to ensure effective delivery of quality services;

(3) include a provision that makes payments conditional on compliance by the contractor and all subcontractors with sections 245.461 to 245.486 and all other applicable laws, rules, and standards; and

(4) require financial controls and auditing procedures.

Subd. 4. JOINT COUNTY MENTAL HEALTH AGREEMENTS. In order to provide efficiently the services required by sections 245.461 to 245.486, counties are encouraged to join with one or more county boards to establish a multicounty local mental health authority pursuant to the joint powers act, section 471.59, the human service board act, sections 402.01 to 402.10, community mental health center provisions, section 245.62, or enter into multicounty mental health agreements. Participating county boards shall establish acceptable ways of apportioning the cost of the services.

Subd. 5. LOCAL ADVISORY COUNCIL. The county board, individually or in conjunction with other county boards, shall establish a local mental health advisory council or mental health subcommittee of an existing advisory council. The council's members must reflect a broad range of community interests. They must include at least one consumer, one family member of a person with mental illness, one mental health professional, and one community support services program representative. The local mental health advisory council or mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local mental health system. Annually, the local advisory council or mental health subcommittee of an existing advisory council shall arrange for input from the regional treatment center review board regarding coordination of care between the regional treatment center and community-based services. The county board shall consider the advice of its local mental health advisory council or mental health subcommittee of an existing advisory council in carrying out its authorities and responsibilities.

Subd. 6. OTHER LOCAL AUTHORITY. The county board may establish procedures and policies that are not contrary to those of the commissioner or sections 245.461 to 245.486 regarding local mental health services and facilities. The county board shall perform other acts necessary to carry out sections 245.461 to 245.486.

Sec. 22. [245.467] QUALITY OF SERVICES.

Subdivision 1. CRITERIA. Mental health services required by this chapter must be:

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

- (1) based, when feasible, on research findings;
- (2) based on individual clinical needs, cultural and ethnic needs, and other special needs of individuals being served;
- (3) provided in the most appropriate, least restrictive setting available to the county board;
- (4) accessible to all age groups;
- (5) delivered in a manner that provides accountability;
- (6) provided by qualified individuals as required in this chapter;
- (7) coordinated with mental health services offered by other providers; and
- (8) provided under conditions which protect the rights and dignity of the individuals being served.

Subd. 2. DIAGNOSTIC ASSESSMENT. All providers of residential, acute care hospital inpatient and regional treatment centers must complete a diagnostic assessment for each of their clients within five days of admission. Providers of outpatient and day treatment services must complete a diagnostic assessment within ten days of admission. In cases where a diagnostic assessment is available and has been completed within 90 days preceding admission, only updating is necessary.

Subd. 3. INDIVIDUAL TREATMENT PLANS. All providers of outpatient, residential treatment, acute care hospital inpatient treatment, and all regional treatment centers must develop an individual treatment plan for each of their clients. The individual treatment plan must be based on a diagnostic assessment. To the extent possible, the client shall be involved in all phases of developing and implementing the individual treatment plan. The individual treatment plan must be developed within ten days of client intake and reviewed every 90 days thereafter.

Sec. 23. [245.468] EDUCATION AND PREVENTION SERVICES.

By July 1, 1988, county boards must provide or contract for education and prevention services to persons residing in the county. Education and prevention services must be designed to:

- (1) convey information regarding mental illness and treatment resources to the general public or special high-risk target groups;
- (2) increase understanding and acceptance of problems associated with mental illness;
- (3) improve people's skills in dealing with high-risk situations known to have an impact on people's mental health functioning; and

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

(4) prevent development or deepening of mental illness.

Sec. 24. [245.469] EMERGENCY SERVICES.

Subdivision 1. AVAILABILITY OF EMERGENCY SERVICES. By July 1, 1988, county boards must provide or contract for enough emergency services within the county to meet the needs of persons in the county who are experiencing an emotional crisis or mental illness. Clients may be required to pay a fee based on their ability to pay. Emergency services must include assessment, intervention, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of people with mental illness or emotional crises;

(2) minimize further deterioration of people with mental illness or emotional crises;

(3) help people with mental illness or emotional crises to obtain ongoing care and treatment; and

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

Subd. 2. SPECIFIC REQUIREMENTS. The county board shall require that all service providers of emergency services provide immediate direct access to mental health professionals during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll free telephone access to a mental health professional, a mental health practitioner, or a designated person with training in human services who is under the supervision of a mental health professional. Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for consultation within 30 minutes.

Sec. 25. [245.470] OUTPATIENT SERVICES.

Subdivision 1. AVAILABILITY OF OUTPATIENT SERVICES. (a) By July 1, 1988, county boards must provide or contract for enough outpatient services within the county to meet the needs of persons with mental illness residing in the county. Clients may be required to pay a fee based on their ability to pay. Outpatient services include:

(1) conducting diagnostic assessments;

(2) conducting psychological testing;

(3) developing or modifying individual treatment plans;

(4) making referrals and recommending placements as appropriate;

(5) treating a person's mental health needs through therapy;

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

(6) prescribing and managing medication; and

(7) preventing placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the client can best be served outside the county.

Subd. 2. SPECIFIC REQUIREMENTS. The county board shall require that all service providers of outpatient services:

(1) meet the professional qualifications contained in sections 245.461 to 245.486;

(2) use a multidisciplinary mental health professional staff including at a minimum, arrangements for psychiatric consultation, licensed consulting psychologist consultation, and other necessary multidisciplinary mental health professionals;

(3) develop individual treatment plans;

(4) provide initial appointments within three weeks, except in emergencies where there must be immediate access as described in section 245.469; and

(5) establish fee schedules approved by the county board that are based on a client's ability to pay.

Sec. 26. [245.471] COMMUNITY SUPPORT SERVICES PROGRAM.

Subdivision 1. AVAILABILITY OF COMMUNITY SUPPORT SERVICES PROGRAM. By July 1, 1988, county boards must provide or contract for sufficient community support services within the county to meet the needs of persons with serious and persistent mental illness residing in the county. Clients may be required to pay a fee. The county board shall require that all service providers of community support services set fee schedules approved by the county board which are based on the client's ability to pay. The community support services program must be designed to improve the ability of persons with serious and persistent mental illness to:

(1) work in a regular or supported work environment;

(2) handle basic activities of daily living;

(3) participate in leisure time activities;

(4) set goals and plans;

(5) obtain and maintain appropriate living arrangements; and

(6) reduce the use of more intensive, costly, or restrictive placements both in number of admissions and lengths of stay as determined by client need.

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

Subd. 2. CASE MANAGEMENT ACTIVITIES. (a) By January 1, 1989, case management activities must be developed as part of the community support program available to all persons with serious and persistent mental illness residing in the county. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must at a minimum qualify as a mental health practitioner.

(b) All providers of case management activities must develop an individual community support plan. The individual community support plan must state for each of their clients:

(1) the goals of each service;

(2) the activities for accomplishing each goal;

(3) a schedule for each activity; and

(4) the frequency of face-to-face client contacts, as appropriate to client need and the implementation of the community support plan.

The individual community support plan must incorporate the individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual community support plan. The individual community support plan must be developed within 30 days of client intake and reviewed every 90 days after it is developed. The case manager is responsible for developing the individual community support plan based on a diagnostic assessment and for implementing and monitoring the delivery of services according to the individual community support plan. To the extent possible, the person with serious and persistent mental illness, the person's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual community support plan.

Subd. 3. DAY TREATMENT ACTIVITIES PROVIDED. (a) By July 1, 1989, day treatment activities must be developed as a part of the community support program available to persons with serious and persistent mental illness residing in the county. Day treatment services must be available to persons with serious and persistent mental illness residing in the county as part of the community support program of each county. Clients may be required to pay a fee. Day treatment services must be designed to:

(1) provide a structured environment for treatment;

(2) provide family and community support;

(3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need; and

(4) establish fee schedules approved by the county board that are based on a client's ability to pay.

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

(b) County boards may request a waiver from including day treatment services if they can document that:

(1) an alternative plan of care exists through the county's community support program for clients who would otherwise need day treatment services;

(2) that day treatment, if included, would be duplicative of other components of the community support program; and

(3) that county demographics and geography make the provision of day treatment services cost ineffective and unfeasible.

Subd. 4. BENEFITS ASSISTANCE. By July 1, 1988, help in applying for federal benefits, including supplemental security income, medical assistance, and Medicare, must be offered as a part of the community support program available to individuals with serious and persistent mental illness for whom the county is financially responsible and who may qualify for these benefits. The county board must offer help in applying for federal benefits to all persons with serious and persistent mental illness.

Sec. 27. [245.472] RESIDENTIAL TREATMENT SERVICES.

Subdivision 1. AVAILABILITY OF RESIDENTIAL TREATMENT SERVICES. By July 1, 1988, county boards must provide or contract for enough residential treatment services to meet the needs of all persons with mental illness residing in the county. Residential treatment services include both intensive and structured residential treatment with length of stay based on client residential treatment need. Services must be as close to the county as possible. Residential treatment must be designed to:

(1) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs;

(2) help clients achieve the highest level of independent living;

(3) help clients gain the necessary skills to be referred to a community support services program or outpatient services; and

(4) stabilize crisis admissions.

Subd. 2. SPECIFIC REQUIREMENTS. Providers of residential services must be licensed under applicable rules adopted by the commissioner and must be clinically supervised by a mental health professional.

Sec. 28. [245.473] ACUTE CARE HOSPITAL INPATIENT SERVICES.

Subdivision 1. AVAILABILITY OF ACUTE CARE HOSPITAL INPATIENT SERVICES. By July 1, 1988, county boards must make available through contract or direct provision enough acute care hospital inpatient treatment services as close to the county as possible to meet the needs of persons with mental illness

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

residing in the county. Acute care hospital inpatient treatment services must be designed to:

(1) stabilize the medical condition of people with acute or serious and persistent mental illness;

(2) improve functioning; and

(3) facilitate appropriate referrals, follow-up, and placements.

Subd. 2. SPECIFIC REQUIREMENTS. Providers of acute care hospital inpatient services must meet applicable standards established by the commissioners of health and human services.

Sec. 29. [245.474] REGIONAL TREATMENT CENTER INPATIENT SERVICES.

Subdivision 1. AVAILABILITY OF REGIONAL TREATMENT CENTER INPATIENT SERVICES. By July 1, 1987, the commissioner shall make sufficient regional treatment center inpatient services available to people with mental illness throughout the state. Regional treatment centers are responsible to:

(1) stabilize the medical condition of the person with mental illness;

(2) improve functioning;

(3) strengthen family and community support; and

(4) facilitate appropriate discharge, aftercare, and follow-up placements in the community.

Subd. 2. QUALITY OF SERVICE. The commissioner shall biennially determine the needs of all mentally ill patients served by regional treatment centers by administering a client-based evaluation system. The client-based evaluation system must include at least the following independent measurements: behavioral development assessment; habilitation program assessment; medical needs assessment; maladaptive behavioral assessment; and vocational behavior assessment. The commissioner shall propose staff ratios to the legislature for the mental health and support units in regional treatment centers as indicated by the results of the client-based evaluation system. The proposed staffing ratios shall include professional, nursing, direct care, medical, clerical, and support staff based on the client-based evaluation system. The commissioner shall recompute staffing ratios and recommendations on a biennial basis.

Sec. 30. [245.475] COUNTY RESPONSIBILITY TO PROVIDE COMMUNITY SUPPORT SERVICES.

Subdivision 1. CLIENT ELIGIBILITY. The county board shall provide case management and other appropriate community support services to all persons with serious and persistent mental illness. Case management services

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

provided to people with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under section 256B.02, subdivision 8.

Subd. 2. DESIGNATION OF CASE MANAGER. The county board shall designate a case manager within five working days after receiving an application for community support services or immediately after authorizing payment for residential, acute care hospital inpatient, or regional treatment center services under section 245.476.

The county board shall send a written notice to the applicant and the applicant's representative, if any, that identifies the designated case manager.

Subd. 3. DIAGNOSTIC ASSESSMENT. The case manager shall promptly arrange for a diagnostic assessment of the applicant when one is not available as described in section 245.467, subdivision 2, to determine the applicant's eligibility as a person with serious and persistent mental illness for community support services. The county board shall notify in writing the applicant and the applicant's representative, if any, if the applicant is determined ineligible for community support services.

Subd. 4. COMMUNITY SUPPORT SERVICES. Upon a determination of eligibility for community support services, the case manager shall develop an individual community support plan as specified in section 245.471, subdivision 2, paragraph (b), arrange and authorize payment for appropriate community support services, review the client's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.

Sec. 31. [245.476] SCREENING FOR INPATIENT AND RESIDENTIAL TREATMENT.

Subdivision 1. SCREENING REQUIRED. By January 1, 1989, the county board shall screen all persons before they may be admitted for treatment of mental illness to a residential treatment facility, an acute care hospital, or informally admitted to a regional treatment center if public funds are used to pay for the services. Screening prior to admission must occur within ten days. If a person is admitted for treatment of mental illness on an emergency basis to a residential facility or acute care hospital or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five days of the admission. Persons must be screened within ten days before or within five days after admission to ensure that: (1) an admission is necessary, (2) the length of stay is as short as possible consistent with individual client need, and (3) a case manager is immediately assigned to individuals with serious and persistent mental illness and an individual community support plan is developed. The screening process and placement decision must be documented.

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

Subd. 2. QUALIFICATIONS. Screening for residential and inpatient services must be conducted by a mental health professional. Mental health professionals providing screening for inpatient and residential services must not be financially affiliated with any acute care inpatient hospital, residential treatment facility, or regional treatment center. The commissioner may waive this requirement in sparsely populated areas.

Subd. 3. INDIVIDUAL PLACEMENT AGREEMENT. The county board shall enter into an individual placement agreement with a provider of residential services to a person eligible for services under this section. The agreement must specify the payment rate and terms and conditions of county payment for the placement.

Sec. 32. [245.477] APPEALS.

Any person who applies for mental health services under sections 245.461 to 245.486 must be advised of services available and the right to appeal at the time of application and each time the community service plan is reviewed. Any person whose application for mental health services under sections 245.468 to 245.476 is denied, not acted upon with reasonable promptness, or whose services are suspended, reduced, or terminated may contest that action before the state agency as specified in section 256.045. The commissioner shall monitor the nature and frequency of administrative appeals under this section.

Sec. 33. [245.478] LOCAL MENTAL HEALTH PROPOSAL.

Subdivision 1. TIME PERIOD. The first local mental health proposal period is from July 1, 1988, to December 31, 1989. The county board shall submit its first proposal to the commissioner by January 1, 1988. Subsequent proposals must be on the same two-year cycle as community social service plans required by section 256E.09. The proposal must be made available upon request to all residents of the county at the same time it is submitted to the commissioner.

Subd. 2. PROPOSAL CONTENT. The local mental health proposal must include:

(1) the local mental health advisory council's or mental health subcommittee of an existing advisory council's report on unmet needs and any other needs assessment used by the county board in preparing the local mental health proposal;

(2) a description of the local mental health advisory council's or the mental health subcommittee of an existing advisory council's involvement in preparing the local mental health proposal and methods used by the county board to obtain participation of citizens, mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of

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

clients who received each of the mental health services listed in sections 245.468 to 245.476, and actual expenditures and revenues for each mental health service;

(4) for the first proposal period only, information for the year during which the proposal is being prepared;

(i) a description of the current mental health system identifying each mental health service listed in sections 245.468 to 245.476;

(ii) a description of each service provider, including a listing of the professional qualifications of the staff involved in service delivery, that is either the sole provider of one of the treatment services or management activities described in sections 8 to 16 or that provides over \$10,000 of mental health services per year;

(iii) a description of how the mental health services in the county are unified and coordinated;

(iv) the estimated number of clients receiving each mental health service;

(v) estimated expenditures and revenues for each mental health service; and

(5) the following information describing how the county board intends to meet the requirements of sections 245.461 to 245.486 during the proposal period:

(i) specific objectives and outcome goals for each mental health service listed in sections 245.468 to 245.476;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the treatment services or management activities described in sections 8 to 16 or to provide over \$10,000 of mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery;

(iii) a description of how the mental health services in the county will be unified and coordinated;

(iv) the estimated number of clients who will receive each mental health service; and

(v) estimated expenditures and revenues for each mental health service.

Subd. 3. PROPOSAL FORMAT. The local mental health proposal must be made in a format prescribed by the commissioner.

Subd. 4. PROVIDER APPROVAL. The commissioner's review of the local mental health proposal must include a review of the qualifications of each service provider required to be identified in the local mental health proposal under subdivision 2. The commissioner may reject a county board's proposal for a particular provider if:

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

(1) the provider does not meet the professional qualifications contained in sections 245.461 to 245.486;

(2) the provider does not possess adequate fiscal stability or controls to provide the proposed services as determined by the commissioner; or

(3) the provider is not in compliance with other applicable state laws or rules.

Subd. 5. SERVICE APPROVAL. The commissioner's review of the local mental health proposal must include a review of the appropriateness of the amounts and types of mental health services in the local mental health proposal. The commissioner may reject the county board's proposal if the commissioner determines that the amount and types of services proposed are not cost effective, do not meet client needs, or do not comply with sections 245.461 to 245.486.

Subd. 6. PROPOSAL APPROVAL. The commissioner shall review each local mental health proposal within 90 days and work with the county board to make any necessary modifications to comply with sections 245.461 to 245.486. After the commissioner has approved the proposal, the county board is eligible to receive an allocation of mental health and community social service act funds.

Subd. 7. PARTIAL OR CONDITIONAL APPROVAL. If the local mental health proposal is in substantial, but not in full compliance with sections 245.461 to 245.486 and necessary modifications cannot be made before the proposal period begins, the commissioner may grant partial or conditional approval and withhold a proportional share of the county board's mental health and community social service act funds until full compliance is achieved.

Subd. 8. AWARD NOTICE. Upon approval of the county board proposal, the commissioner shall send a notice of approval for funding. The notice must specify any conditions of funding and is binding on the county board. Failure of the county board to comply with the approved proposal and funding conditions may result in withholding or repayment of funds as specified in section 21.

Subd. 9. PLAN AMENDMENT. If the county board finds it necessary to make significant changes in the approved local proposal, it must present the proposed changes to the commissioner for approval at least 60 days before the changes take effect. "Significant changes" means:

(1) the county board proposes to provide a mental health service through a provider other than the provider listed for that service in the approved local proposal;

(2) the county board expects the total annual expenditures for any single mental health service to vary more than ten percent from the amount in the approved local proposal;

(3) the county board expects a combination of changes in expenditures per

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

mental health service to exceed more than ten percent of the total mental health services expenditures; or

(4) the county board proposes a major change in the specific objectives and outcome goals listed in the approved local proposal.

Sec. 34. **MAINTENANCE OF EFFORT.** Counties must continue to spend for mental health services an amount equal to the total expenditures shown in the county's approved 1987 Community Social Services Act plan under "State CSSA, Title XX and County Tax" for services to persons with mental illness plus the total for Rule 5 facilities under target populations other than mental illness in the approved 1987 CSSA plan.

Sec. 35. **[245.79] COUNTY OF FINANCIAL RESPONSIBILITY.** For purposes of section 245.476, the county of financial responsibility is the same as that for community social services under section 256E.08, subdivision 7. Disputes between counties regarding financial responsibility must be resolved by the commissioner in accordance with section 256D.18, subdivision 4.

Sec. 36. **[245.482] REPORTING AND EVALUATION.**

Subdivision 1. FISCAL REPORTS. The commissioner shall develop a unified format for quarterly fiscal reports that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and section 256E.08. The county board shall submit a completed fiscal report in the required format no later than 15 days after the end of each quarter.

Subd. 2. PROGRAM REPORTS. The commissioner shall develop a unified format for a semiannual program report that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and section 256E.10. The county board shall submit a completed program report in the required format no later than 75 days after each six-month period.

Subd. 3. PROVIDER REPORTS. The commissioner may develop a format and procedures for direct reporting from providers to the commissioner to include information that the commissioner determines necessary to carry out sections 245.461 to 245.486. In particular, the provider reports must include aggregate information by county of residence about mental health services paid for by funding sources other than counties.

Subd. 4. INACCURATE OR INCOMPLETE REPORTS. The commissioner shall promptly notify a county or provider if a required report is clearly inaccurate or incomplete. The commissioner may delay all or part of a mental health fund payment if an appropriately completed report is not received as required by this section.

Subd. 5. STATEWIDE EVALUATION. The commissioner shall use the county and provider reports required by this section to complete the statewide report required in section 245.461.

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

Sec. 37. [245.483] TERMINATION OR RETURN OF AN ALLOCATION.

Subdivision 1. FUNDS NOT PROPERLY USED. If the commissioner determines that a county is not meeting the requirements of sections 245.461 to 245.486 or that funds are not being used according to the approved local proposal, all or part of the mental health and community social service act funds may be terminated upon 30 days notice to the county board. The commissioner may require repayment of any funds not used according to the approved local proposal. If the commissioner receives a written appeal from the county board within the 30-day period, opportunity for a hearing under the Minnesota administrative procedure act, chapter 14, must be provided before the allocation is terminated or is required to be repaid. The 30-day period begins when the county board receives the commissioner's notice by certified mail.

Subd. 2. USE OF RETURNED FUNDS. The commissioner may reallocate the funds returned.

Subd. 3. DELAYED PAYMENTS. If the commissioner finds that a county board or its contractors are not in compliance with the approved local proposal or sections 245.461 to 245.486, the commissioner may delay payment of all or part of the quarterly mental health and community social service act funds until the county board and its contractors meet the requirements. The commissioner shall not delay a payment longer than three months without first issuing a notice under subdivision 2 that all or part of the allocation will be terminated or required to be repaid. After this notice is issued, the commissioner may continue to delay the payment until completion of the hearing in subdivision 2.

Subd. 4. STATE ASSUMPTION OF RESPONSIBILITY. If the commissioner determines that services required by sections 245.461 to 245.486 will not be provided by the county board in the manner or to the extent required by sections 245.461 to 245.486, the commissioner shall contract directly with providers to ensure that clients receive appropriate services. In this case, the commissioner shall use the county's community social service act and mental health funds to the extent necessary to carry out the county's responsibilities under sections 245.461 to 245.486. The commissioner shall work with the county board to allow for a return of authority and responsibility to the county board as soon as compliance with sections 245.461 to 245.486 can be assured.

Sec. 38. [245.484] RULES.

The commissioner shall adopt permanent rules as necessary to carry out this act.

Sec. 39. [245.485] NO RIGHT OF ACTION.

Sections 245.461 to 245.484 do not independently establish a right of action on behalf of recipients of services or service providers against a county board or the commissioner. A claim for monetary damages must be brought under section 3.736 or 3.751.

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

Sec. 40. [245.486] LIMITED APPROPRIATIONS.

Nothing in sections 245.461 to 245.485 shall be construed to require the commissioner or county boards to fund services beyond the limits of legislative appropriations.

Sec. 41. Minnesota Statutes 1986, section 245.713, subdivision 2, is amended to read:

Subd. 2. **TOTAL FUNDS AVAILABLE; REDUCTIONS ALLOCATION.** ~~The amount of funds available for allocation to counties for use by qualified community mental health centers shall be the total amount of Funds granted to the state by the federal government under United States Code, title 42, sections 300X to 300X-9 each federal fiscal year for mental health services reduced by the sum of the following must be allocated as follows:~~

(a) Any amount set aside by the commissioner of human services for American Indian tribal organizations within the state, which funds shall not duplicate any direct federal funding of American Indian tribal organizations and which funds shall not exceed 12 be at least 25 percent of the total block grant federal allocation to the state for mental health services; provided that sufficient applications for funding are received by the commissioner which meet the specifications contained in requests for proposals and. Money from this source may be used for special committees to advise the commissioner on mental health programs and services for American Indians and other minorities or underserved groups; and. For purposes of this subdivision, "American Indian organization" means an American Indian tribe or band or an organization providing mental health services that is legally incorporated as a nonprofit organization registered with the secretary of state and governed by a board of directors having at least a majority of American Indian directors.

(b) Any amount calculated into the base of the block grant that is made available by the commissioner for qualified community mental health centers that were receiving grants for operations or other continuing grant obligations defined in United States Code, title 42, sections 300X to 300X-9 immediately prior to its enactment.

(e) An amount not to exceed ten percent of the total federal block grant allocation for mental health services to be retained by the commissioner for administration.

(d) (c) Any amount permitted under federal law which the commissioner approves for demonstration or research projects for severely disturbed children and adolescents, the underserved, special populations or multiply disabled mentally ill persons. The groups to be served, the extent and nature of services to be provided, the amount and duration of any grant awards are to be based on criteria set forth in the Alcohol, Drug Abuse and Mental Health Block Grant Law, United States Code, title 42, sections 300X to 300X-9, and on state policies and procedures determined necessary by the commissioner. Grant

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

recipients must comply with applicable state and federal requirements and demonstrate fiscal and program management capabilities that will result in provision of quality, cost-effective services.

(e) (d) The amount required under federal law, for federally mandated expenditures.

(e) An amount not to exceed ten percent of the federal block grant allocation for mental health services to be retained by the commissioner for planning and evaluation.

Sec. 42. [245.721] MENTAL ILLNESS INFORMATION MANAGEMENT SYSTEM.

By January 1, 1990, the commissioner of human services shall establish an information management system for collecting data about individuals who suffer from severe and persistent mental illness and who receive publicly funded services for mental illness.

Sec. 43. [245.775] EQUALIZATION AID.

Subdivision 1. TERMS DEFINED. As used in subdivisions 1 to 6, the terms defined in this section have the meanings given them.

(a) RECIPIENT RATE. "Recipient rate" means the number of individual income maintenance program recipients per 10,000 people in a county during the calendar year ending immediately before the fiscal year for which equalization aid is paid.

(b) PER CAPITA INCOME. "Per capita income" means the estimate of income per person in a county most recently published by the United States Bureau of the Census on October 1 of the fiscal year for which equalization aid is paid.

(c) PER CAPITA TAXABLE VALUE. "Per capita taxable value" means the adjusted assessed value of taxable property within a county reported by the department of revenue for the calendar year ending immediately before the fiscal year, divided by the population of the county. The adjusted assessed value of taxable property in counties receiving taconite production tax revenue shall be increased by an amount equal to the taconite regular production tax revenue divided by the county's mill rate.

(d) COUNTY INCOME MAINTENANCE EXPENDITURES. "County income maintenance expenditures" means the income maintenance program expenditures, including administrative costs, of a county for income maintenance programs, minus federal, state, and other revenue received for income maintenance programs during the calendar year ending immediately before the fiscal year for which equalization aid is paid.

(e) PER CAPITA COUNTY INCOME MAINTENANCE EXPENDITURES. "Per capita county income maintenance expenditures" means county income maintenance expenditures divided by the population of the county.

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

(f) INCOME MAINTENANCE PROGRAMS. "Income maintenance programs" include, for equalization aid purposes, aid to families with dependent children, general assistance, general assistance medical care, work readiness, and medical assistance.

(g) POPULATION. "Population" means the estimate of population in a county most recently issued by the state demographer's office on October 1 of the fiscal year for which equalization aid is paid.

Subd. 2. COUNTY ELIGIBILITY. The commissioner of human services shall establish a county's eligibility for equalization aid using the following formula:

(a) A statewide standard deviation from the mean shall be calculated for each of the following factors: recipient rate, per capita income, per capita taxable value, and per capita income maintenance expenditures.

(b) A standard score shall be calculated for each factor; the standard score is the factor minus the state mean for that factor divided by the statewide standard deviation from the mean for that factor.

(c) The standard score for per capita income and per capita taxable value shall be multiplied by negative one.

(d) The county's average score of the standard scores of the four factors shall be computed.

Every county with an average score equal to one or higher shall be eligible for equalization aid.

Subd. 3. AMOUNT OF EQUALIZATION AID. The commissioner shall establish a distress indicator for each county eligible for equalization aid by multiplying the county's average standard score by its population. Equalization aid shall be allocated to all eligible counties in proportion to each eligible county's distress indicator.

Subd. 4. PHASE-IN. Notwithstanding the provisions of subdivisions 2 and 3, the commissioner of human services shall make minimum equalization aid payments to counties during fiscal years 1989 and 1990 as follows:

(a) A base amount equal to the average amount of equalization aid received for fiscal years 1981 to 1987 shall be calculated for every county.

(b) If the appropriation for equalization aid during fiscal year 1989 or 1990 is less than the average of all equalization aid appropriations for fiscal years 1981 to 1987, the base amount for each county shall be reduced by that proportion for that fiscal year.

(c) In fiscal year 1989, each county shall receive 100 percent of its base amount within the limit of available appropriations. In fiscal year 1990, each county shall receive 90 percent of its base amount within the limit of available appropriations.

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

Subd. 5. LIMIT. No county shall receive equalization aid for any fiscal year amounting to more than 75 percent of county income maintenance expenditures.

Subd. 6. PAYMENT. The commissioner of human services shall make preliminary payments for equalization aid for a fiscal year by December 15th of the fiscal year. The commissioner shall adjust each county's equalization aid in accordance with the allocation formula established in subdivision 3 and make final payments by June 30 of the fiscal year.

Sec. 44. Minnesota Statutes 1986, section 246.18, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** Except as provided in ~~subdivision subdivisions~~ subdivisions 2 and 4, every officer and employee of the several institutions under the jurisdiction of the commissioner of human services who has money belonging to an institution shall pay the money to the accounting officer thereof. Every accounting officer, at the close of each month or oftener, shall forward to the commissioner of human services a statement of the amount and sources of all money received. On receipt of such statement, the commissioner shall transmit the same to the commissioner of finance, who shall deliver to the state treasurer a draft upon the accounting officer for the same specifying the funds to which it is to be credited. Upon payment of such draft, the amount shall be so credited.

Sec. 45. Minnesota Statutes 1986, section 246.18, is amended by adding a subdivision to read:

Subd. 4. COLLECTIONS DEPOSITED IN MEDICAL ASSISTANCE ACCOUNT. Except as provided in subdivision 2, all receipts from collection efforts for the regional treatment centers and state nursing homes must be deposited in the medical assistance account and are appropriated for that purpose. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 46. Minnesota Statutes 1986, section 246.50, subdivision 3, is amended to read:

Subd. 3. **REGIONAL TREATMENT CENTER.** ~~"State hospital"~~ "Regional treatment center" means a state facility for treating persons with mental illness, mental retardation, or chemical dependency now existing or hereafter established.

Sec. 47. Minnesota Statutes 1986, section 246.50, is amended by adding a subdivision to read:

Subd. 3a. STATE NURSING HOME. "State nursing home" means Ah-Gwah-Ching and Oak Terrace facilities.

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

Sec. 48. Minnesota Statutes 1986, section 246.50, subdivision 4a, is amended to read:

Subd. 4a. **RESIDENT.** "Resident" means any mentally retarded person receiving care or treatment at a ~~state hospital~~ regional treatment center, whether the person entered such hospital voluntarily or under commitment, and any person residing at or receiving care in a state nursing home.

Sec. 49. Minnesota Statutes 1986, section 246.50, subdivision 5, is amended to read:

Subd. 5. **COST OF CARE.** "Cost of care" means the commissioner's determination of the anticipated average per capita cost of all maintenance, treatment and expense, including depreciation of buildings and equipment, interest paid on bonds issued for capital improvements to state ~~hospitals~~ facilities, and indirect costs related to the operation other than that paid from the Minnesota state building fund, at all of the state ~~hospitals~~ facilities during the current year for which billing is being made. The commissioner shall determine the anticipated average per capita cost. The commissioner may establish one all inclusive rate or separate rates for each patient or resident disability group, and may establish separate charges for each ~~hospital~~ facility. "Cost of care" for outpatient or day-care patients or residents shall be on a cost for service basis under a schedule the commissioner shall establish.

For purposes of this subdivision "resident patient" means a person who occupies a bed while housed in a ~~hospital~~ state facility for observation, care, diagnosis, or treatment.

For purposes of this subdivision "outpatient" or "day-care" patient or resident means a person who makes use of diagnostic, therapeutic, counseling, or other service in a state ~~hospital~~ facility or through state ~~hospital~~ personnel but does not occupy a ~~hospital~~ bed overnight.

For the purposes of collecting from the federal government for the care of those patients eligible for medical care under the Social Security Act "cost of care" shall be determined as set forth in the rules and regulations of the Department of Health and Human Services or its successor agency.

Sec. 50. Minnesota Statutes 1986, section 246.50, subdivision 7, is amended to read:

Subd. 7. **PATIENT'S OR RESIDENT'S COUNTY.** "Patient's or resident's county" means the county of the patient's or resident's legal settlement for poor relief purposes at the time of commitment or voluntary admission to a state ~~hospital~~ facility, or if the patient or resident has no such legal settlement in this state, it means the county of commitment, except that where a patient or resident with no such legal settlement is committed while serving a sentence at a penal institution, it means the county from which the patient or resident was sentenced.

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

Sec. 51. Minnesota Statutes 1986, section 246.51, is amended to read:

246.51 PAYMENT FOR CARE AND TREATMENT; DETERMINATION.

Subdivision 1. **PROCEDURES.** The commissioner shall make investigation as necessary to determine, and as circumstances require redetermine, what part of the cost of care, if any, the patient or resident is able to pay. If the patient or resident is unable to pay the full cost of care the commissioner shall make a determination as to the ability of the relatives to pay. The patient ~~or~~, resident, and relatives ~~or both~~ shall provide the commissioner documents and proofs necessary to determine their ability to pay. Failure to provide the commissioner with sufficient information to determine ability to pay may make the patient, resident, or relatives, ~~both~~, liable for the full cost of care until the time when sufficient information is provided. No parent shall be liable for the cost of care given a patient at a regional treatment center after the patient has reached the age of 18 years. The commissioner's determination shall be conclusive in any action to enforce payment of the cost of care unless appealed from as provided in section 246.55. All money received, except for chemical dependency receipts, shall be paid to the state treasurer and placed in the general fund of the state and a separate account kept of it. Responsibility under this section shall not apply to those relatives having gross earnings of less than \$11,000 per year.

Subd. 2. **RULES.** The commissioner shall adopt, pursuant to the administrative procedure act, rules establishing uniform standards for determination of patient liability and relative, guardian or conservator responsibility for care provided at state ~~hospitals~~ facilities. These rules shall have the force and effect of law.

Sec. 52. Minnesota Statutes 1986, section 246.511, is amended to read:

246.511 RELATIVE RESPONSIBILITY.

In no case, shall a patient's or resident's relatives, pursuant to the commissioner's authority under section 246.51, be ordered to pay more than ten percent of the cost of care, unless they reside outside the state. Parents of children in state ~~hospitals~~ facilities shall have their responsibility to pay determined according to section 252.27, subdivision 2. The commissioner may accept voluntary payments in excess of ten percent. The commissioner may require full payment of the full per capita cost of care in state ~~hospitals~~ facilities for patients or residents whose parent, parents, spouse, guardian, or conservator do not reside in Minnesota.

Sec. 53. **[246.531] SUBROGATION OF INSURANCE SETTLEMENTS.**

Subdivision 1. **SUBROGATION TO PATIENT'S RIGHTS.** The department of human services shall be subrogated, to the extent of the cost of care for services given, to the rights a patient or resident who receives treatment or care at a state facility may have under private health care coverage. The right of subrogation does not attach to benefits paid or provided under private health

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

care coverage before the carrier issuing the health care coverage receives written notice of the exercise of subrogation rights.

Subd. 2. CIVIL ACTION. To recover under this section, the department of human services, with counsel of the attorney general, may institute or join in a civil action against the carrier issuing the private health care coverage.

Sec. 54. Minnesota Statutes 1986, section 246.57, is amended by adding a subdivision to read:

Subd. 5. LAUNDRY EQUIPMENT. The commissioner of human services may provide for the replacement of laundry equipment by including a charge for depreciation as part of the service costs charged by a regional treatment center operating a laundry service. Receipts for laundry services attributable to depreciation of laundry equipment must be deposited in a laundry equipment depreciation account within the general fund. All money deposited in the account is appropriated to the commissioner of human services for the replacement of laundry equipment. Any balance remaining in the account at the end of a fiscal year does not cancel and is available until expended.

Sec. 55. Minnesota Statutes 1986, section 251.011, subdivision 6, is amended to read:

Subd. 6. RULES. The commissioner of human services may promulgate rules for the operation of; and for the admission of residents in; and to establish charges for care in the state nursing homes at Ah-Gwah-Ching and Oak Terrace. Charges for care in the state nursing homes shall be established under sections 246.50 to 246.55. For the purposes of collecting from the federal government for the care of those residents in the state nursing homes eligible for medical care under the Social Security Act, "cost of care" shall be determined as set forth in the rules and regulations of the department of health and human services or its successor agency.

Sec. 56. Minnesota Statutes 1986, section 252.275, subdivision 1, is amended to read:

Subdivision 1. PROGRAM. The commissioner of human services shall establish a statewide program to assist counties in reducing the utilization of intermediate care services in state hospitals and in community residential facilities, including nursing homes, for persons with mental retardation or related conditions. The commissioner shall make grants to county boards to establish, operate, or contract for the provision of semi-independent living services licensed by the commissioner pursuant to sections 245.781 to 245.812 and 252.28.

Sec. 57. Minnesota Statutes 1986, section 252.275, subdivision 2, is amended to read:

Subd. 2. APPLICATION; CRITERIA. To apply for a grant, a county board shall submit an application and budget for use of grant money in the form

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

specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets or portions thereof are approved by the commissioner.

Sec. 58. Minnesota Statutes 1986, section 252.275, subdivision 4, is amended to read:

Subd. 4. **FORMULA.** From the appropriations made available for this program, the commissioner shall allocate grants under this section to finance up to 95 percent; but not less than 80 percent; of each county's most approved budget for semi-independent living services for mentally retarded persons with mental retardation or related conditions. The commissioner shall not approve budgeted costs for services for any person which exceed the state share of the average medical assistance costs for services provided by intermediate care facilities for a person with mental retardation or a related condition for the same fiscal year. Nothing in this subdivision prevents a county from using other funds to pay for additional costs of semi-independent living services.

As of July 1, 1987, the commissioner shall allocate funds and reimburse county costs for persons approved for funding. The commissioner shall proportionally allocate funds to counties based on the approved budgeted costs for persons approved for funding. The commissioner shall adjust county grants based on actual approved expenditures and shall reallocate funds to the extent necessary. The commissioner may set aside up to two percent of the appropriations to fund county demonstration projects that improve the efficiency and effectiveness of semi-independent living services.

Sec. 59. Minnesota Statutes 1986, section 252.275, subdivision 7, is amended to read:

Subd. 7. **REPORTS.** The commissioner shall require collection of data and periodic reports necessary to demonstrate the effectiveness of semi-independent living services in helping persons with mental retardation or related conditions achieve self-sufficiency and independence. The commissioner shall report to the legislature no later than January 15, 1984, on the effectiveness of the program; its effect on reducing the number of persons with mental retardation or related conditions in state hospitals and in intermediate care facilities; and the commissioner's recommendations regarding making this program an integral part of the social services programs administered by the counties.

Sec. 60. Minnesota Statutes 1986, section 256.01, subdivision 4, is amended to read:

Subd. 4. **DUTIES AS STATE AGENCY.** The state agency shall:

(1) supervise the administration of assistance to dependent children under Laws 1937, chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

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

(2) may subpoena witnesses and administer oaths, make rules, and take such action as may be necessary, or desirable for carrying out the provisions of Laws 1937, chapter 438. All rules made by the state agency shall be binding on the counties and shall be complied with by the respective county agencies;

(3) establish adequate standards for personnel employed by the counties and the state agency in the administration of Laws 1937, chapter 438, and make the necessary rules to maintain such standards;

(4) prescribe the form of and print and supply to the county agencies blanks for applications, reports, affidavits, and such other forms as it may deem necessary and advisable;

(5) cooperate with the federal government and its public welfare agencies in any reasonable manner as may be necessary to qualify for federal aid for aid to dependent children and in conformity with the provisions of Laws 1937, chapter 438, including the making of such reports and such forms and containing such information as the Federal Social Security Board may from time to time require, and comply with such provisions as such board may from time to time find necessary to assure the correctness and verification of such reports; and

(6) may cooperate with other state agencies in establishing reciprocal agreements in instances where a child receiving aid to dependent children moves or contemplates moving into or out of the state, in order that such child may continue to receive supervised aid from the state moved from until the child shall have resided for one year in the state moved to; and

(7) on or before October 1 in each even-numbered year make a biennial report to the governor concerning the activities of the agency;

(8) prepare a plan and submit it to the full productivity and opportunity coordinator in each even-numbered year, according to standards established by the coordinator, for use in developing a biennial statewide employment and training plan design, develop, and administer an intake, referral, and inventory system that provides localized, single-point intake with a direct access to a statewide data base to match client needs with employment opportunities and public and private services. The system must include information on all available public and private programs for employment and training services and income maintenance and support services as defined in section 268.0111. The state agency shall cooperate with the department of jobs and training, counties and other local service units, service providers, and clients in the development and operation of the system. The system is not subject to sections 16B.40 to 16B.45; and

(9) enter into agreements with other departments of the state as necessary to meet all requirements of the federal government.

Sec. 61. Minnesota Statutes 1986, section 256.045, subdivision 3, is amended to read:

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

Subd. 3. **STATE AGENCY HEARINGS.** ~~In counties in which the commissioner of human services has not appointed a local welfare referee, (a) Any person applying for, receiving or having received any of the forms of public assistance described in subdivision 2 public assistance or a program of social services granted by a local agency under sections 256.72 to 256.879, chapters 256B, 256D, 256E, 261, or the federal Food Stamp Act whose application for assistance is denied, not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid, or any patient or relative aggrieved by an order of the commissioner under section 252.27, or a party aggrieved by a ruling of a prepaid health plan, may contest that action or decision before the state agency by submitting a written request for a hearing to the state agency within 30 days after receiving written notice of the action or decision, or within 90 days of such written notice if the applicant, recipient, patient or relative shows good cause why the request was not submitted within the 30 day time limit.~~

(b) All prepaid health plans under contract to the commissioner pursuant to chapter 256B or 256D must provide for a complaint system according to section 62D.11. The prepaid health plan must notify the ombudsman within three working days of any formal complaint made under section 62D.11 by persons enrolled in a prepaid health plan under chapter 256B or 256D. At the time a complaint is made, the prepaid health plan must notify the recipient of the name and telephone number of the ombudsman. Recipients may request the assistance of the ombudsman in the complaint system process. The prepaid health plan shall issue a written resolution within 30 days of filing with the prepaid health plan. The ombudsman may waive the requirement that the complaint system procedures be exhausted prior to an appeal if the ombudsman determines that the complaint must be resolved expeditiously in order to provide care in an urgent situation.

(c) A local agency or party aggrieved by a ruling of a local welfare referee may appeal the ruling to the state agency by filing a notice of appeal with the state agency within 30 days after receiving the ruling of the local welfare referee. A state welfare human services referee shall conduct a hearing on the matter and shall recommend an order to the commissioner of human services. In appeals from rulings of local welfare referees, the hearing may be limited, upon stipulation of the parties, to a review of the record of the local welfare referee. The commissioner need not grant a hearing if the sole issue raised by an appellant is the commissioner's authority to require mandatory enrollment in a prepaid health plan in a county where prepaid health plans are under contract with the commissioner.

(d) In a notice of appeal from a ruling of a prepaid health plan, a recipient may request an expedited hearing. The ombudsman, after discussing with the recipient his or her condition and in consultation with a health practitioner who practices in the specialty area of the recipient's primary diagnosis, shall investigate and determine whether an expedited appeal is warranted. In making the determination, the ombudsman shall evaluate whether the medical condition of

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

the recipient, if not expeditiously diagnosed and treated, could cause physical or mental disability, substantial deterioration of physical or mental health, continuation of severe pain, or death. The ombudsman may order a second medical opinion from the prepaid health plan or order a second medical opinion from a nonprepaid health plan provider at prepaid health plan expense. If the ombudsman determines that an expedited appeal is warranted, the state welfare referee shall hear the appeal and render a decision within a time commensurate with the level of urgency involved, based on the individual circumstances of the case. In urgent or emergency situations in which a prepaid health plan provider has prescribed treatment, and the prepaid health plan has denied authorization for that treatment, the referee may order the health plan to authorize treatment pending the outcome of the appeal.

Sec. 62. Minnesota Statutes 1986, section 256.737, subdivision 1, is amended to read:

Subdivision 1. **PILOT PROGRAMS.** In order that persons receiving aid under this chapter may be assisted in achieving self-sufficiency by enhancing their employability through meaningful work experience and training and the development of job search skills, the commissioner of human services may continue the pilot community work experience demonstration programs that were approved by January 1, 1984. No new pilot community work experience demonstration programs may be established under this subdivision. The commissioner shall: (a) assist counties in the design, implementation, and evaluation of these demonstration programs; (b) promulgate, in accordance with chapter 14, emergency rules necessary for the implementation of this section, except that the time restrictions of section 14.35 shall not apply and the rules may be in effect until the termination of the demonstration programs; and (c) seek any federal waivers necessary for proper implementation of this section in accordance with federal law. The commissioner shall prohibit use of participants in the programs to do work that was part or all of the duties or responsibilities of an authorized public employee position established as of January 1, 1985. The exclusive bargaining representative shall be notified no less than 14 days in advance of any placement by the community work experience program. Concurrence with respect to job duties of persons placed under the community work experience program shall be obtained from the appropriate exclusive bargaining representative. The appropriate oversight committee shall be given monthly lists of all job placements under a community work experience program.

Projects end As the commissioner phases in case management and other employment and training services under section 256.736, and no later than June 30, 1987 1989, and a report the commissioner may phase out projects under this section, shall be made to the legislature by February 15, 1987, on the feasibility of permanent implementation and on the cost effectiveness of each of the demonstration programs.

Sec. 63. [256.936] **CHILDREN'S HEALTH PLAN.**

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

Subdivision 1. DEFINITIONS. For purposes of this section the following terms shall have the meanings given them:

(a) "Eligible persons" means pregnant women and children under six years old who have gross family incomes that are equal to or less than 185 percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B or general assistance medical care under chapter 256D and who are not otherwise insured for the covered services. Eligibility for pregnant women shall continue for 60 days post-partum to allow for follow-up visits.

(b) "Covered services" means prenatal care services and children's health services.

(c) "Prenatal care services" means the outpatient services provided to pregnant women which are medically necessary for the pregnancy. Physician or certified nurse-midwife services for delivery are included but inpatient hospital services are not included.

(d) "Children's health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, nursing home or intermediate care facilities services, and mental health and chemical dependency services.

(e) "Eligible providers" means those health care providers who provide prenatal care services and children's health services to medical assistance clients under rules established by the commissioner for that program. Reimbursement under this section shall be at the same rates and conditions established for medical assistance. A provider of prenatal care services shall assess whether the pregnant woman is at risk of delivering a low birth weight baby or has a health condition which may increase the probability of a problem birth.

(f) "Commissioner" means the commissioner of human services.

Subd. 2. FUND ADMINISTRATION. The children's health plan is established to promote access to appropriate health care for pregnant women and to assure healthy babies and healthy children. The commissioner shall establish an office for the state administration of this plan. The plan shall be used to provide prenatal care and children's health services for eligible persons. Payment for these services shall be made to all eligible providers. The commissioner shall establish marketing efforts to encourage potentially eligible persons to receive information about the program. A toll-free telephone number must be used to provide information about the plan and to promote access to the covered services. The commissioner must make a quarterly assessment of the expected expenditures for the covered services and the appropriation. Based on this assessment the commissioner may limit enrollments and target former aid to families with dependent children recipients. If sufficient money is not available to cover all costs incurred in one quarter, the commissioner may seek an additional authorization for funding from the legislative advisory committee.

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

Subd. 3. APPLICATION PROCEDURES. Applications and other information must be available in provider offices, local human services agencies, community health offices, and Women, Infants and Children (WIC) program sites. These sites may accept applications, collect the enrollment fee, and forward the forms and fees to the commissioner. Otherwise, applicants may apply directly to the commissioner. The commissioner may use individuals' social security numbers as identifiers for purposes of administering the plan and conduct data matches to verify income. Applicants shall submit evidence of family income, earned and unearned, that will be used to verify income eligibility. Notwithstanding any other law to the contrary, benefits under this section are secondary to any plan of insurance or benefit program under which an eligible person may have coverage. The commissioner shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.

Subd. 4. ENROLLMENT FEE. An enrollment fee of \$35 is required from eligible persons for prenatal care services and an annual enrollment fee of \$25 is required from eligible persons for children's health services. The fees may be paid together at the time of enrollment or as two payment installments. The commissioner shall make an annual redetermination of continued eligibility and identify people who may become eligible for medical assistance.

Sec. 64. Minnesota Statutes 1986, section 256.969, subdivision 2, is amended to read:

Subd. 2. RATES FOR INPATIENT HOSPITALS. Rates paid to inpatient hospitals shall be based on a rate per admission until the commissioner can begin to reimburse hospitals for services under the medical assistance and general assistance medical care programs based upon a diagnostic classification system appropriate to the service populations. On July 1, 1984, the commissioner shall begin to utilize to the extent possible existing classification systems, including medicare. The commissioner may incorporate the grouping of hospitals with similar characteristics for uniform rates upon the development and implementation of the diagnostic classification system. Prior to implementation of the diagnostic classification system, the commissioner shall report the proposed grouping of hospitals to the senate health and human services committee and the house health and welfare committee. Effective August 1, 1985, The computation of the base year cost per admission and the computation of the relative values of the diagnostic categories must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs and days beyond that point. Claims paid for care provided on or after August 1, 1985, shall be adjusted to reflect a recomputation of rates, unless disapproved by the federal Health Care Financing Administration. The state shall pay the state share of the adjustment for care provided on or after August 1, 1985, up to and including June 30, 1987, whether or not the adjustment is approved by the federal Health Care Financing Administration. The commissioner may reconstitute the diagnostic categories to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic

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

categories after notice in the State Register and a 30-day comment period. After May 1, 1986, acute care hospital billings under the medical assistance and general assistance medical care programs must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments with inpatient hospitals that have individual patient lengths of stay in excess of 30 days regardless of diagnosis-related group. For purposes of establishing interim rates, the commissioner is exempt from the requirements of chapter 14. Medical assistance and general assistance medical care reimbursement for treatment of mental illness shall be reimbursed based upon diagnosis classifications. The commissioner may selectively contract with hospitals for services within the diagnostic classifications relating to mental illness and chemical dependency under competitive bidding when reasonable geographic access by recipients can be assured. No physician shall be denied the privilege of treating a recipient required to utilize a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital. Effective July 1, 1988, the commissioner shall limit the annual increase in pass-through cost payments for depreciation, rents and leases, and interest expense to the annual growth in the consumer price index for all urban consumers (CPI-U). When computing budgeted pass-through cost payments, the commissioner shall use the annual increase in the CPI-U forecasted by Data Resources, Inc. consistent with the quarter of the hospital's fiscal year end. In final settlement of pass-through cost payments, the commissioner shall use the CPI-U for the month in which the hospital's fiscal year ends compared to the same month one year earlier.

Sec. 65. Minnesota Statutes 1986, section 256.969, subdivision 3, is amended to read:

Subd. 3. **SPECIAL CONSIDERATIONS.** (a) In determining the rate the commissioner of human services will take into consideration whether the following circumstances exist:

(a) (1) minimal medical assistance and general assistance medical care utilization;

(b) (2) unusual length of stay experience; and

(c) (3) disproportionate numbers of low income patients served.

(b) To the extent of available appropriations, the commissioner shall provide supplemental grants directly to a hospital described in section 87, paragraph (a), that receives medical assistance payments through a county-managed health plan that serves only residents of the county. The payments must be designed to compensate for actuarially demonstrated higher health care costs within the county, for the population served by the plan, that are not reflected in the plan's rates under section 87, subdivision 4.

Sec. 66. [256.974] **OFFICE OF OMBUDSMAN FOR OLDER MINNESOTANS; LOCAL PROGRAMS.**

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

The ombudsman for older Minnesotans serves in the classified service under section 256.01, subdivision 7, in an office within the Minnesota board on aging that incorporates the long-term care ombudsman program required by the Older Americans Act, Public Law 98-456, United States Code, title 42, section 3027(a)(12), and established within the Minnesota board on aging. The Minnesota board on aging may make grants to local programs or area agencies on aging for the provision of ombudsman services to clients in county or multicounty areas. Individuals providing local ombudsman services must be qualified to perform the duties required by section 256.9742.

Sec. 67. [256.9741] DEFINITIONS.

Subdivision 1. "Long-term care facility" means a nursing home licensed under sections 144A.02 to 144A.10 or boarding care home licensed under sections 144.50 to 144.56.

Subd. 2. "Acute care facility" means a facility licensed as a hospital under sections 144.50 to 144.56.

Subd. 3. "Client" means an individual who requests, or on whose behalf a request is made for, ombudsman services and is (a) a resident of a long-term care facility or (b) a patient in an acute care facility who is eligible for Medicare and requests assistance relating to admission or discharge from an acute care facility.

Subd. 4. "Area agency on aging" means an agency responsible for coordinating a comprehensive aging services system within a planning and service area that has been designated an area agency on aging by the Minnesota board on aging.

Subd. 5. "Office" means the office of ombudsman established within the Minnesota board on aging or local ombudsman programs.

Sec. 68. [256.9742] DUTIES AND POWERS OF THE OFFICE.

Subdivision 1. DUTIES. The ombudsman shall:

(1) gather information and evaluate any act, practice, policy, procedure, or administrative action of a long-term care facility, acute care facility, or government agency that may adversely affect the health, safety, welfare, or rights of any client;

(2) mediate or advocate on behalf of clients;

(3) monitor the development and implementation of federal, state, or local laws, regulations, and policies affecting the rights and benefits of clients;

(4) comment on and recommend to the legislature and public and private agencies regarding laws, regulations, and policies affecting clients;

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

(5) inform public agencies about the problems of clients;

(6) provide for training of volunteers and promote the development of citizen participation in the work of the office;

(7) conduct public forums to obtain information about and publicize issues affecting clients;

(8) provide public education regarding the health, safety, welfare, and rights of clients; and

(9) collect and analyze data relating to complaints and conditions in long-term care facilities.

Subd. 2. IMMUNITY FROM LIABILITY. A person designated as an ombudsman under this section is immune from civil liability that otherwise might result from the person's actions or omissions if the person's actions are in good faith, are within the scope of the person's responsibilities as an ombudsman, and do not constitute willful or reckless misconduct.

Subd. 3. POSTING. Every long-term care facility and acute care facility shall post in a conspicuous place the address and telephone number of the office. The posting is subject to approval by the ombudsman.

Subd. 4. ACCESS TO LONG-TERM CARE AND ACUTE CARE FACILITIES AND CLIENTS. The ombudsman may:

(1) enter any long-term care facility without notice at any time;

(2) enter any acute care facility without notice during normal business hours;

(3) communicate privately and without restriction with any client in accordance with section 144.651; and

(4) inspect records of a long-term care facility or acute care facility that pertain to the care of the client according to sections 144.335 and 144.651.

Subd. 5. ACCESS TO STATE RECORDS. The ombudsman has access to data of a state agency necessary for the discharge of the ombudsman's duties, including records classified confidential or private under chapter 13, or any other law. The data requested must be related to a specific case and is subject to section 13.03, subdivision 4. If the data concerns an individual, the ombudsman shall first obtain the individual's consent.

Each state agency responsible for licensing, regulating, and enforcing state and federal laws and regulations concerning long-term care and acute care facilities shall forward to the ombudsman on a quarterly basis, copies of all correction orders, penalty assessments, and complaint investigation reports, for all long-term care facilities and acute care facilities.

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

Sec. 69. [256.9743] REPORTING.

By February 1, 1989, the board on aging shall recommend methods for expanding and funding local ombudsman programs to serve clients receiving in-home services or care in acute care facilities.

Sec. 70. [256.9744] OFFICE DATA.

Subdivision 1. CLASSIFICATION. Except as provided in this section, data maintained by the office under sections 256.974 to 256.9744 are private data on individuals or nonpublic data as defined in section 13.02, subdivision 9 or 12, and must be maintained in accordance with the requirements of Public Law 98-459, United States Code, title 42, section 3027(a)(12)(D).

Subd. 2. RELEASE. Data maintained by the office that does not relate to the identity of a complainant or a resident of a long-term facility may be released at the discretion of the ombudsman responsible for maintaining the data. Data relating to the identity of a complainant or a resident of a long-term facility may be released only with the consent of the complainant or resident or by court order.

Sec. 71. [256.9745] IN-HOME SERVICES ADVISORY TASK FORCE.

The Minnesota board on aging shall appoint an advisory task force to make recommendations for expanding ombudsman services to recipients of in-home services. The task force shall include clients or representatives of clients, providers of in-home services, representatives of the Minnesota department of health, department of human services, counties, area agencies on aging, and members of the public at large. Compensation, terms, and removal of members shall be as provided in section 15.059. The Minnesota board on aging shall issue a report of the recommendations of the task force by February 1, 1989.

Sec. 72. Minnesota Statutes 1986, section 256.98, is amended to read:

256.98 WRONGFULLY OBTAINING ASSISTANCE; THEFT.

Subdivision 1. WRONGFULLY OBTAINING ASSISTANCE. A person who obtains, or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent device, assistance to which the person is not entitled or assistance greater than that to which the person is entitled, or who knowingly aids or abets in buying or in any way disposing of the property of a recipient or applicant of assistance without the consent of the local agency with intent to defeat the purposes of sections 256.12, 256.72 to ~~256.872~~ 256.871, and chapter 256B, or all of these sections is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2) and (5).

Subd. 2. JOINT TRIALS. When two or more defendants are jointly charged with the same offense under subdivision 1, or are jointly charged with different

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

offenses under subdivision 1 arising from the same course of conduct, they shall be tried jointly; however, if it appears to the court that a defendant or the state is substantially prejudiced by the joinder for trial, the court may order an election or separate trial of counts, grant a severance of defendants, or provide other relief.

Subd. 3. AMOUNT OF ASSISTANCE INCORRECTLY PAID. The amount of the assistance incorrectly paid ~~shall be~~ under this section is the difference between the amount of assistance actually received on the basis of misrepresentation or concealed facts and the amount to which the recipient would have been entitled under state and federal law had the welfare agency been informed of all material facts specific concealment or misrepresentation not occurred. Unless required by law, rule, or regulation, earned income disregards shall not be applied to earnings not reported by the recipient.

Subd. 4. RECOVERY OF ASSISTANCE. The amount of ~~any~~ assistance determined to have been incorrectly paid ~~shall be~~ is recoverable from the recipient or the recipient's estate by the county or the state as a debt due the county or the state or both in proportion to the contribution of each. ~~Any amounts recovered shall be paid to the appropriate units of government in the same manner as provided in section 256.863.~~

Subd. 5. CRIMINAL OR CIVIL ACTION. To prosecute or to recover assistance wrongfully obtained under this section, the attorney general or the appropriate county attorney, acting independently or at the direction of the attorney general, may institute a criminal or civil action or both.

Subd. 6. RULE SUPERSEDED. Rule 17.03, subdivision 2, of the Minnesota Rules of Criminal Procedures that relates to joint trials is superseded by this section to the extent that it conflicts with this section.

Subd. 7. DIVISION OF RECOVERED AMOUNTS. If the state is responsible for the recovery, the amounts recovered shall be paid to the appropriate units of government as provided under section 256.863. If the recovery is directly attributable to a county, the county may retain one-half of the nonfederal share of any recovery from a recipient or the recipient's estate. This subdivision does not apply to recoveries from medical providers or to recoveries involving the department of human services, surveillance and utilization review division, state hospital collections unit, and the benefit recoveries division.

Sec. 73. Minnesota Statutes 1986, section 256B.02, subdivision 8, is amended to read:

Subd. 8. MEDICAL ASSISTANCE; MEDICAL CARE. "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 this cost:

(1) Inpatient hospital services. A second medical opinion is required prior

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

to reimbursement for elective surgeries requiring a second opinion. The commissioner shall publish in the State Register a ~~proposed~~ list of elective surgeries that require a second medical opinion prior to reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list is and the criteria and standards are not subject to the requirements of sections 14.01 to ~~14.70~~ 14.69. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 256B.50, subdivision 1, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. A second medical opinion is required before reimbursement for elective surgeries requiring a second opinion. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before reimbursement and the criteria and standards for deciding whether an elective surgery should require a second surgical opinion. The list and the criteria and standards are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal. "Emergency services" means those medical services means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

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

- (6) Home health care services;
- (7) Private duty nursing services;
- (8) Physical therapy and related services;
- (9) Dental services, excluding cast metal restorations;
- (10) Laboratory and X-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall 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 July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, 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 human services, 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. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established

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

except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a multi-source drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of ~~this~~ fee the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services. "Preventive services" include services related to pregnancy, including services for those conditions which may complicate a pregnancy and which may be available to a pregnant woman determined to be at risk of poor pregnancy outcome. Preventive services available to a woman at risk of poor pregnancy outcome may differ in an amount, duration, or scope from those available to other individuals eligible for medical assistance;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under

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

Title XVIII of the Social Security Act. For purposes of obtaining Medicare part B, expenditures may be made even if federal funding is not available;

(14) 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;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency 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 nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care ~~attendant~~ assistant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care ~~attendants~~ assistants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; ~~and~~

(18) To the extent authorized by rule of the state agency, case management services to persons with serious and persistent mental illness;

(19) To the extent authorized by rule of the state agency, case management services to persons with brain injuries; and

(20) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency

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

treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before medical assistance reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list and criteria and standards are not subject to the requirements of sections 14.01 to 14.69. The commissioner shall publish in the State Register a list of health services that require prior authorization, as well as the criteria and standards used to select health services on the list. The list and the criteria and standards used to formulate it are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether prior authorization is required for a health service or a second medical opinion is required for an elective surgery is not subject to administrative appeal.

Sec. 74. Minnesota Statutes 1986, section 256B.02, is amended by adding a subdivision to read:

Subd. 13. PREPAID HEALTH PLAN. "Prepaid health plan" means a vendor who receives a capitation payment and assumes financial risk for the provision of medical assistance services under a contract with the commissioner.

Sec. 75. Minnesota Statutes 1986, section 256B.03, subdivision 1, is amended to read:

Subdivision 1. **GENERAL LIMIT.** All payments for medical assistance hereunder must be made to the vendor. The maximum payment for new vendors enrolled in the medical assistance program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

Sec. 76. **[256B.031] PREPAID HEALTH PLANS.**

Subdivision 1. CONTRACTS. The commissioner may contract with health insurers licensed and operating under chapters 60A and 62A, nonprofit health service plans licensed and operating under chapter 62C, health maintenance organizations licensed and operating under chapter 62D, and vendors of medical care and organizations participating in prepaid programs under section 256D.03, subdivision 4, clause (b), to provide medical services to medical assistance recipients. Notwithstanding any other law, health insurers may enter into contracts with the commissioner under this section. As a condition of the contract, health insurers and health service plan corporations must agree to comply with the requirements of section 62D.04, subdivision 1, clauses (a), (b), (c), (d), and (f), and provide a complaint procedure that satisfies the requirements of section 62D.11. Nothing in this section permits health insurers not licensed as health maintenance organizations under chapter 62D to offer a prepaid health plan as defined in section 256B.02, subdivision 12, to persons other than those

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

receiving medical assistance or general assistance medical care under this section. Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16B.19, subdivisions 5 and 6. Contracts must specify the services that are included in the per capita rate. Contracts must specify those services that are to be eligible for risk sharing between the prepaid health plan and the state. Contracts must also state that payment must be made within 60 days after the month of coverage.

Subd. 2. SERVICES. State contracts for these services must assure recipients of at least the comprehensive health services defined in section 256B.02, subdivision 8, except services defined in section 256B.02, subdivision 8, paragraphs (2), (5), (16), and (17), and except services defined as chemical dependency services and mental health services.

Contracts under this section must include provision for assessing pregnant women to determine their risk of poor pregnancy outcome. Contracts must also include provision for treatment of women found to be at risk of poor pregnancy outcome.

Subd. 3. INFORMATION REQUIRED. Prepaid health plans under contract must provide information to the commissioner according to the contract specifications. The information must include, at a minimum, the number of people receiving services, the number of encounters, the types of services received, evidence of an operating quality assurance program, and information about the use of and actual recoveries of available third-party resources. A plan under contract to provide services in a county must provide the county agency with the most current listing of the health care providers whose services are covered by the plan.

Subd. 4. PREPAID HEALTH PLAN RATES. For payments made during calendar year 1988, the monthly maximum allowable rate established by the commissioner of human services for payment to prepaid health plans must not exceed 90 percent of the projected average monthly per capita fee-for-service medical assistance costs for state fiscal year 1988 for recipients of aid to families with dependent children. The base year for projecting the average monthly per capita fee-for-service medical assistance costs is state fiscal year 1986. A maximum allowable per capita rate must be established collectively for Anoka, Carver, Dakota, Hennepin, Ramsey, St. Louis, Scott, and Washington counties. A separate maximum allowable per capita rate must be established collectively for all other counties. The maximum allowable per capita rate may be adjusted to reflect utilization differences among eligible classes of recipients. For payments made during calendar year 1989, the maximum allowable rate must be calculated in the same way as 1988 rates, except the base year is state fiscal year 1987. For payments made during calendar year 1990 and later years, the commissioner shall contract with an independent actuary to establish prepayment rates. Rates established for prepaid health plans must be based on the services that the prepaid health plan provides under contract with the commissioner.

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

Subd. 5. FREE CHOICE LIMITED. (a) The commissioner may require recipients of aid to families with dependent children, except those recipients who are refugees and whose health services are reimbursed 100 percent by the federal government for the first 31 months after entry into the United States, to enroll in a prepaid health plan and receive services from or through the prepaid health plan. Enrollment in a prepaid health plan is mandatory only when recipients have a choice of at least two prepaid health plans.

(b) Recipients who become eligible on or after December 1, 1987, must choose a health plan within 30 days of the date eligibility is determined. At the time of application, the local agency shall ask the recipient whether the recipient has a primary health care provider. If the recipient has not chosen a health plan within 30 days but has provided the local agency with the name of a primary health care provider, the local agency shall determine whether the provider participates in a prepaid health plan available to the recipient and, if so, the local agency shall select that plan on the recipient's behalf. If the recipient has not provided the name of a primary health care provider who participates in an available prepaid health plan, commissioner shall randomly assign the recipient to a health plan.

(c) Recipients who are eligible on November 30, 1987, must choose a prepaid health plan by January 15, 1988. If possible, the local agency shall ask whether the recipient has a primary health care provider and the procedures under paragraph (b) shall apply. If a recipient does not choose a prepaid health plan by this date, the commissioner shall randomly assign the recipient to a health plan.

(d) Each recipient must be enrolled in the health plan for a minimum of six months following the effective date of enrollment, except that the recipient may change health plans once within the first 60 days after initial enrollment. The commissioner shall request a waiver from the federal Health Care Financing Administration to extend the minimum period to 12 months.

(e) Women who are receiving medical assistance due to pregnancy and later become eligible for aid to families with dependent children are not required to choose a prepaid health plan until 60 days postpartum. An infant born as a result of that pregnancy must be enrolled in a prepaid health plan at the same time as the mother.

(f) If third-party coverage is available to a recipient through enrollment in a prepaid health plan through employment, through coverage by the former spouse, or if a duty of support has been imposed by law, order, decree, or judgment of a court under section 518.551, the obligee or recipient shall participate in the prepaid health plan in which the obligee has enrolled provided that the commissioner has contracted with the plan.

Subd. 6. OMBUDSMAN. The commissioner shall designate an ombudsman to advocate for persons required to enroll in prepaid health plans under this section. The ombudsman shall advocate for recipients enrolled in prepaid

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

health plans through complaint and appeal procedures and ensure that necessary medical services are provided either by the prepaid health plan directly or by referral to appropriate social services. At the time of enrollment in a prepaid health plan, the local agency shall inform recipients about the ombudsman program and their right to a resolution of a complaint by the prepaid health plan if they experience a problem with the plan or its providers.

Subd. 7. SERVICES PENDING APPEAL. If the recipient appeals in writing to the state agency on or before the tenth day after the decision of the prepaid health plan to reduce, suspend or terminate services which the recipient had been receiving, and the treating physician or another plan physician orders the services to be continued at the previous level, the prepaid health plan must continue to provide services at a level equal to the level ordered by the plan's physician until the state agency renders its decision.

Subd. 8. CASE MANAGEMENT. The commissioner shall prepare a report to the legislature by January 1988, that describes the issues involved in successfully implementing a case management system in counties where the commissioner has fewer than two prepaid health plans under contract to provide health care services to eligible classes of recipients. In the report the commissioner shall address which health care providers could be case managers, the responsibilities of the case manager, the assumption of risk by the case manager, the services to be provided either directly or by referral, reimbursement concerns, federal waivers that may be required, and other issues that may affect the quality and cost of care under such a system.

Subd. 9. PREPAYMENT COORDINATOR. The local agency shall designate a prepayment coordinator to assist the state agency in implementing this section, section 256B.69, and section 256D.03, subdivision 4. Assistance must include educating recipients about available health care options, enrolling recipients under subdivision 5, providing necessary eligibility and enrollment information to health plans and the state agency, and coordinating complaints and appeals with the ombudsman established in subdivision 6.

Subd. 10. IMPACT ON PUBLIC OR TEACHING HOSPITALS AND COMMUNITY CLINICS. (a) Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program, provided the terms of participation in the program are competitive with the terms of other participants.

(b) Prepaid health plans serving counties with a nonprofit community clinic or community health services agency must contract with the clinic or agency to provide services to clients who choose to receive services from the clinic or agency, if the clinic or agency agrees to payment rates that are competitive with rates paid to other health plan providers for the same or similar services.

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

Sec. 77. Minnesota Statutes 1986, section 256B.04, subdivision 14, is amended to read:

Subd. 14. **COMPETITIVE BIDDING.** The commissioner shall utilize volume purchase through competitive bidding under the provisions of chapter 16, to provide the following items:

(1) eyeglasses;

(2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;

(3) hearing aids and supplies; and

(4) durable medical equipment, including but not limited to:

(a) hospital beds;

(b) commodes;

(c) glide-about chairs;

(d) patient lift apparatus;

(e) wheelchairs and accessories;

(f) oxygen administration equipment;

(g) respiratory therapy equipment;

(h) electronic diagnostic, therapeutic and life support systems; ~~and~~

(5) wheelchair transportation services; and

(6) drugs.

Sec. 78. Minnesota Statutes 1986, section 256B.04, subdivision 15, is amended to read:

Subd. 15. **UTILIZATION REVIEW.** (1) Establish on a statewide basis a new program to safeguard against unnecessary or inappropriate use of medical assistance services, against excess payments, against unnecessary or inappropriate hospital admissions or lengths of stay, and against underutilization of services in prepaid health plans, long-term care facilities or any health care delivery system subject to fixed rate reimbursement. In implementing the program, the state agency shall utilize both prepayment and postpayment review systems to determine if utilization is reasonable and necessary. The determination of whether services are reasonable and necessary shall be made by the commissioner in consultation with a professional services advisory group appointed by the commissioner. An aggrieved party may appeal the commissioner's determination pursuant to the contested case procedures of chapter 14.

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

(2) Contracts entered into for purposes of meeting the requirements of this subdivision shall not be subject to the set-aside provisions of chapter 16B.

(3) A recipient aggrieved by the commissioner's termination of services or denial of future services may appeal pursuant to section 256.045. A vendor aggrieved by the commissioner's determination that services provided were not reasonable or necessary may appeal pursuant to the contested case procedures of chapter 14. To appeal, the vendor shall notify the commissioner in writing within 30 days of receiving the commissioner's notice. The appeal request shall specify each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the vendor believes is correct, the authority in statute or rule upon which the vendor relies for each disputed item, the name and address of the person or firm with whom contacts may be made regarding the appeal, and other information required by the commissioner.

Sec. 79. Minnesota Statutes 1986, section 256B.06, subdivision 1, is amended to read:

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

(1) who is a child eligible for or receiving adoption assistance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676 under Minnesota Statutes, section 259.40 or 259.431; or

(2) who is a child eligible for or receiving foster care maintenance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676; or

(3) who is eligible for or receiving public assistance under the aid to families with dependent children program, the Minnesota supplemental aid program, except for those persons eligible for Minnesota supplemental aid because the local agency waived excess assets under section 256D.37, subdivision 2; or

(4) who is a pregnant woman, as certified in writing by a physician or nurse midwife, and who (a) meets the other eligibility criteria of this section, and (b) would be categorically eligible for assistance under the aid to families with dependent children program if the child had been born and was living with the woman. For purposes of this section, a woman is considered pregnant for 60 days postpartum; or

(5) who is a pregnant woman, as certified in writing by a physician or nurse midwife, who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under clause (9) (8) if born and living with the woman. For purposes of this section, a woman is considered pregnant for 60 days postpartum; or

(6) who meets the categorical eligibility requirements of the supplemental security income program and the other eligibility requirements of this section; or

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

(7) who, except for the amount of income or ~~resources~~ assets, would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children, and who meets the other eligibility requirements of this section. However, in the case of families and children who meet the categorical eligibility requirements for aid to families with dependent children, the methodology for calculating assets shall be as specified in section 256.73, subdivision 2, and the methodology for calculating deductions from earnings for child care and work expenses shall be as specified in section 256.74, subdivision 1; or

(8) who is under 21 years of age and in need of medical care that neither the person nor the person's relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(9) who is an infant less than one year of age born on or after October 1, 1984, whose mother was eligible at the time of birth and who remains in the mother's household. Eligibility under this clause is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility; or

(10) 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

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

(12) who alone, or together with the person's 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 or recipient as a primary place of residence, together with the contiguous land upon which it is situated. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by the spouse, minor child, or disabled child of any age; ~~or the applicant/recipient is expected to return to the home as a principal residence within six calendar months of entry to the long-term care facility. Certification of expected return to the homestead shall be documented in writing by the attending physician. The homestead is also excluded for the first six calendar months of the person's stay in the long-term care facility. The homestead must be reduced to an amount within limits or excluded on another basis if the person remains in the long-term care facility for a period longer than six months.~~ 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 the commissioner determines that sale of the real estate would cause undue hardship or unless the equity in the real estate when combined with the equity in the homestead totals \$15,000 or less the property is not salable, the equity is \$6,000 or less and the income produced by the property is at least six percent of the equity, or the excess real property is exempted for a period of nine months if there is a good faith effort to sell the property and a legally

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

binding agreement is signed to repay the amount of assistance issued during that nine months; and

(13) who individually does not own more than \$3,000 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 \$6,000 in cash or liquid assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. For residents of long-term care facilities, the accumulation of the clothing and personal needs allowance pursuant to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. Cash and liquid assets may include a prepaid funeral contract and insurance policies with cash surrender value. The value of the following shall not be included:

(a) the homestead, ~~and~~ (b) household goods and furniture in use in the home, (c) wearing apparel, (d) personal property used as a regular abode by the applicant or recipient, (e) a lot in a burial plot for each member of the household, (f) personal jewelry acquired more than 24 months immediately prior to the period of medical assistance eligibility and personal jewelry acquired within 24 months immediately prior to the period of medical assistance eligibility and not purchased with assets of the applicant or recipient, (g) capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income, (h) for a period of six months, insurance settlements to repair or replace damaged, destroyed, or stolen property, (i) one motor vehicle that is 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 that is used primarily for the person's benefit, and (j) other items which may be required by federal law or statute. To be excluded, the vehicle must have a market value of less than \$4,500; be necessary to obtain medically necessary health services; be necessary for employment; be modified for operation by or transportation of a handicapped person; or be necessary to perform essential daily tasks because of climate, terrain, distance, or similar factors. The equity value of other motor vehicles is counted against the cash or liquid asset limit; and

(14) who has or anticipates receiving an annual a semiannual income not in excess of 115 percent of the income standards by family size used in the aid to families with dependent children program, ~~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 rules of the state agency except that families and children may have an income up to 133-1/3 percent of the AFDC income standard. Notwithstanding any laws or rules to the contrary, in computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Number 94-566, section 503. ~~In excess income cases, eligibility shall be limited to a period of six months beginning~~

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

with the first of the month in which these medical obligations are first incurred, Public Law Number 99-272 and Public Law Number 99-509; and

(15) who has ~~continuing~~ monthly expenses for medical care that are more than the amount of the person's 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 human services, is to be applied to the cost of institutional care or who is a pregnant woman who meets the requirements of clauses (1) to (8) except that her anticipated income is in excess of the income standards by family size used in the aid to families with dependent children program, but is equal to or less than 133-1/3 percent of that income standard. Eligibility for a pregnant woman with respect to this clause shall be without regard to the asset standards specified in clauses (12) and (13). For persons who reside in licensed nursing homes, regional treatment centers, or medical institutions, the income over and above that required in section 256B.35 for personal needs allowance is to be applied to the cost of institutional care. In addition, income may be retained by an institutionalized person (a) to support dependents in the amount that, together with the income of the spouse and child under age 18, would provide net income equal to the medical assistance standard for the family size of the dependents excluding the person residing in the facility; or (b) for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if the person was not living together with a spouse or child under age 21 at the time the person entered a long-term care facility, if the person has expenses of maintaining a residence in the community, and if a physician certifies that the person is expected to reside in the long-term care facility on a short-term basis. For purposes of this section, persons are determined to be residing in licensed nursing homes, regional treatment centers, or medical institutions if the persons are expected to remain for a period expected to last longer than three months. The commissioner of human services may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care; and~~

(16) who has applied or agrees to apply all proceeds received or receivable by the person or the person's spouse from ~~automobile accident coverage and private health care coverage to~~ any third person liable for the costs of medical care for the person, the spouse, and children. The state agency ~~may~~ shall require from any applicant or recipient of medical assistance the assignment of any rights ~~accruing under private health care coverage to medical support and third party payments. Persons must cooperate with the state in establishing paternity and obtaining third party payments. By signing an application for medical assistance, a person assigns to the department of human services all rights the person may have to medical support or payments for medical expenses from any other person or entity on their own or their dependent's behalf and agrees to cooperate with the state in establishing paternity and obtaining third party~~

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

payments. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment takes effect upon the determination that the applicant is eligible for medical assistance and up to three months prior to the date of application if the applicant is determined eligible for and receives medical assistance benefits. The application must contain a statement explaining this assignment. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to ~~receipt~~ notification of the assignment by the person or organization providing the benefits; and

(17) eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

Sec. 80. Minnesota Statutes 1986, section 256B.06, is amended by adding a subdivision to read:

Subd. 4. CITIZENSHIP REQUIREMENTS. Eligibility for medical assistance is limited to citizens of the United States and aliens lawfully admitted for permanent residence or otherwise permanently residing in the United States under the color of law. Payment shall also be made for care and services that are furnished to an alien who otherwise meets the eligibility requirements of this section if such care and services are necessary for the treatment of an emergency medical condition. For purposes of this subdivision, the term "emergency medical condition" means a medical condition, including labor and delivery, that if not immediately treated could cause a person physical or mental disability, continuation of severe pain, or death.

Sec. 81. Minnesota Statutes 1986, section 256B.064, subdivision 1a, is amended to read:

Subd. 1a. GROUNDS FOR MONETARY RECOVERY AND SANCTIONS AGAINST VENDORS. The commissioner may seek monetary recovery and impose sanctions against vendors of medical care for any of the following: fraud, theft, or abuse in connection with the provision of medical care to recipients of public assistance; a pattern of presentment of false or duplicate claims or claims for services not medically necessary; a pattern of making false statements of material facts for the purpose of obtaining greater compensation than that to which the vendor is legally entitled; suspension or termination as a Medicare vendor; and refusal to grant the state agency access during regular business hours to examine all records necessary to disclose the extent of services provided to program recipients. ~~No sanction may be imposed or monetary recovery obtained against any vendor of nursing home or convalescent care for providing services not medically necessary when the services provided were ordered by a licensed health professional not an employee of the vendor.~~ The determination of services not medically necessary shall be made by the commissioner in consultation with a ~~provider~~ peer advisory committee appointed by the commissioner on the recommendation of appropriate professional organizations.

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

Sec. 82. Minnesota Statutes 1986, section 256B.15, is amended to read:

If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the person and the surviving spouse, if married survivor of a married couple, either or both of whom received medical assistance, and only when there is no surviving child who is under 21 or is blind or totally disabled, the total amount paid for medical assistance rendered for the person and spouse, after age 65, without interest, shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate. A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, is limited to the value of the assets of the estate that were marital property or jointly-owned property at any time during the marriage. The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Counties may retain one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort.

Sec. 83. Minnesota Statutes 1986, section 256B.17, subdivision 4, is amended to read:

Subd. 4. **PERIOD OF INELIGIBILITY.** For any uncompensated transfer, the period number of months of ineligibility shall be calculated by dividing the uncompensated transferred amount by the statewide average monthly skilled nursing facility per diem per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year to determine the number of months of ineligibility. The individual shall remain ineligible until this fixed ineligibility period has expired. The period of ineligibility may exceed 24 months, and a reapplication for benefits after 24 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired.

Sec. 84. Minnesota Statutes 1986, section 256B.17, subdivision 5, is amended to read:

Subd. 5. **EXCLUDED RESOURCES.** Except for the limitations contained in subdivision 6, a resource which is transferred while otherwise excluded under sections section 256B.06 and 256B.07 shall not be considered an available resource for purposes of medical assistance eligibility. This exception shall not apply to applicants for or recipients of general assistance medical care benefits under chapter 256D.

Sec. 85. Minnesota Statutes 1986, section 256B.19, subdivision 1, is amended to read:

Subdivision 1. **DIVISION OF COST.** The cost of medical assistance paid

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

by each county of financial responsibility shall be borne as follows: Payments shall be made by the state to the county for that portion of medical assistance paid by the federal government and the state on or before the 20th day of each month for the succeeding month upon requisition from the county showing the amount required for the succeeding month. Ninety percent of the expense of assistance not paid by federal funds available for that purpose shall be paid by the state and ten percent shall be paid by the county of financial responsibility.

For counties that participate in a medicaid demonstration project under sections 256B.69 and 256B.71, the division of the nonfederal share of medical assistance expenses for payments made to prepaid health plans or for payments made to health maintenance organizations in the form of prepaid capitation payments, this division of medical assistance expenses shall be 95 percent by the state and five percent by the county of financial responsibility.

~~State contracts with health maintenance organizations shall assure medical assistance recipients of at least the comprehensive health maintenance services defined in section 62D.02, subdivision 7. The contracts shall require health maintenance organizations to provide information to the commissioner concerning the number of people receiving services, the number of encounters, the type of services received, evidence of an operational quality assurance program pursuant to section 62D.04 and information about utilization.~~

In counties where prepaid health plans are under contract to the commissioner to provide services to medical assistance recipients, the cost of court ordered treatment ordered without consulting the prepaid health plan that does not include diagnostic evaluation, recommendation, ~~or~~ and referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 86. Minnesota Statutes 1986, section 256B.35, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any law to the contrary, welfare allowances for clothing and personal needs for individuals receiving medical assistance while residing in any skilled nursing home ~~or~~, intermediate care facility, or medical institution including recipients of supplemental security income, in this state shall not be less than \$40 per month from all sources.

Provided that this personal needs allowance may be paid as part of the Minnesota supplemental aid program, notwithstanding the provisions of section 256D.37, subdivision 2, and payments to the recipients from Minnesota supplemental aid funds may be made once each three months beginning in October, 1977 covering liabilities that accrued during the preceding three months.

Sec. 87. Minnesota Statutes 1986, section 256B.35, subdivision 2, is amended to read:

Subd. 2. Neither the skilled nursing home, the intermediate care facility,

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

the medical institution, nor the department of human services shall withhold or deduct any amount of this allowance for any purpose contrary to this section.

Sec. 88. Minnesota Statutes 1986, section 256B.421, subdivision 1, is amended to read:

Subdivision 1. **SCOPE.** For the purposes of this section and sections 256B.41, 256B.411, 256B.431, 256B.433, 256B.47, 256B.48, 256B.50, and 256B.502, the following terms and phrases shall have the meaning given to them.

Sec. 89. Minnesota Statutes 1986, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. **OPERATING COSTS, AFTER JULY 1, 1985.** (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing home's cost report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, size of the nursing home, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing home. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing homes in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. For rate years beginning on or after July 1, 1987, or until the new base period is established, facilities located in geographic group I as described in Minnesota Rules, part 9549.0052 (Emergency), on January 1, 1987, may choose to have the commissioner apply either the care related limits or the other operating cost limits calculated for facilities located in geographic group II, or both, if either of the limits calculated for the group II facilities is higher. The efficiency incentive for geographic group I nursing homes must be calculated based on geographic group I limits. The phase-in must be established utilizing the chosen limits. For purposes of these exceptions to the geographic grouping requirements, the definitions in Minnesota Rules, parts 9549.0050 to 9549.0059 (Emergency), and

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

9549.0010 to 9549.0080, apply. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting limits and nursing home payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing home is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July 1, 1985, the commissioner shall:

(1) allow nursing homes that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing homes licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing homes referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing home shall receive an operating cost payment rate equal to the sum of the nursing home's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing home's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

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

(g) The commissioner shall include the reported actual real estate tax liability of each proprietary nursing home as an operating cost of that nursing home. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota department of health, for each nursing home as an operating cost of that nursing home. Total real estate tax liability, actual special assessments paid, and license fees paid as required by the Minnesota department of health, for each nursing home (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the 60th percentile or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e).

Sec. 90. Minnesota Statutes 1986, section 256B.433, is amended to read:

256B.433 ANCILLARY SERVICES.

Subdivision 1. SETTING PAYMENT; MONITORING USE OF THERAPY SERVICES. The commissioner shall promulgate rules pursuant to the administrative procedure act to set the amount and method of payment for ancillary materials and services provided to recipients residing in ~~long-term care facilities~~ nursing homes. Payment for materials and services may be made to either the nursing home in the operating cost per diem, to the vendor of ancillary services pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080 or to a nursing home pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. Payment for the same or similar service to a recipient shall not be made to both the nursing home and the vendor. The commissioner shall ensure the avoidance of double payments through audits and adjustments to the nursing home's annual cost report as required by section 256B.47, and that charges and arrangements for ancillary materials and services are cost effective and as would be incurred by a prudent and cost conscious buyer. Therapy services provided to a recipient must be medically necessary and appropriate to the medical condition of the recipient. If the vendor, nursing home, or ordering physician cannot provide adequate medical necessity justification, as determined by the commissioner, in consultation with an advisory committee that meets the requirements of section 256B.064, subdivision 1a, the commissioner may recover or disallow the payment for the services and may require prior authorization for therapy services as a condition of payment or may impose administrative sanctions to limit the vendor, nursing home, or ordering physician's participation in the medical assistance program.

Subd. 2. CERTIFICATION THAT TREATMENT IS APPROPRIATE. The physical therapist, occupational therapist, speech therapist, or audiologist who provides or supervises the provision of therapy services, other than an initial evaluation, to a medical assistance recipient must certify in writing that the therapy's nature, scope, duration, and intensity are appropriate to the medical condition of the recipient every 30 days. The therapist's statement of certification must be maintained in the recipient's medical record together with the specific orders by the physician and the treatment plan. If the recipient's

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

medical record does not include these documents, the commissioner may recover or disallow the payment for such services. If the therapist determines that the therapy's nature, scope, duration, or intensity is not appropriate to the medical condition of the recipient, the therapist must provide a statement to that effect in writing to the nursing home for inclusion in the recipient's medical record. The commissioner shall utilize a peer review program that meets the requirements of section 256B.064, subdivision 1a, to make recommendations regarding the medical necessity of services provided.

Subd. 3. SEPARATE BILLINGS FOR THERAPY SERVICES. Until new procedures are developed under subdivision 4, payment for therapy services provided to nursing home residents that are billed separate from nursing home's payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, shall be subject to the following requirements:

(a) The practitioner invoice must include, in a format specified by the commissioner, the provider number of the nursing home where the medical assistance recipient resides regardless of the service setting.

(b) Nursing homes that are related by ownership, control, affiliation, or employment status to the vendor of therapy services shall report, in a format specified by the commissioner, the revenues received during the reporting year for therapy services provided to residents of the nursing home. For rate years beginning on or after July 1, 1988, the commissioner shall offset the revenues received during the reporting year for therapy services provided to residents of the nursing home to the total payment rate of the nursing home by dividing the amount of offset by the nursing home's actual resident days. Except as specified in paragraphs (d) and (f), the amount of offset shall be the revenue in excess of 108 percent of the cost removed from the cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. In establishing a new base period for the purpose of setting operating cost payment rate limits and rates, the commissioner shall not include the revenues offset in accordance with this section.

(c) For rate years beginning on or after July 1, 1987, nursing homes shall limit charges in total to vendors of therapy services for renting space, equipment, or obtaining other services during the rate year to 108 percent of the annualized cost removed from the reporting year cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. If the arrangement for therapy services is changed so that a nursing home is subject to this paragraph instead of paragraph (b), the cost that is used to determine rent must be adjusted to exclude the annualized costs for therapy services that are not provided in the rate year. The maximum charges to the vendors shall be based on the commissioner's determination of annualized cost and may be subsequently adjusted upon resolution of appeals.

(d) The commissioner shall require reporting of all revenues relating to the

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

provision of therapy services and shall establish a therapy cost, as determined by section 256B.47, to revenue ratio for the reporting year ending in 1986. For subsequent reporting years, the ratio may increase five percentage points in total until a new base year is established under paragraph (e). Increases in excess of five percentage points may be allowed if adequate justification is provided to and accepted by the commissioner. Unless an exception is allowed by the commissioner, the amount of offset in paragraph (b) is the greater of the amount determined in paragraph (b) or the amount of offset that is imputed based on one minus the lesser of (1) the actual reporting year ratio or (2) the base reporting year ratio increased by five percentage points, multiplied by the revenues.

(e) The commissioner may establish a new reporting year base for determining the cost to revenue ratio.

(f) If the arrangement for therapy services is changed so that a nursing home is subject to the provisions of paragraph (b) instead of paragraph (c), an average cost to revenue ratio based on the ratios of nursing homes that are subject to the provisions of paragraph (b) shall be imputed for paragraph (d).

(g) This section does not allow unrelated nursing homes to reorganize related organization therapy services and provide services among themselves to avoid offsetting revenues. Nursing homes that are found to be in violation of this provision shall be subject to the penalty requirements of section 256B.48, subdivision 1, paragraph (f).

Subd. 4. ADVISORY COMMITTEE. The commissioner shall convene an advisory committee consisting of nursing home consumers, therapists from each discipline, and representatives of the nursing home industry. The commissioner, in consultation with the advisory committee, shall study alternative methods of payment for therapy services provided to nursing home residents and report to the legislature by February 1, 1989.

Sec. 91. Minnesota Statutes 1986, section 256B.47, subdivision 1, is amended to read:

Subdivision 1. **NONALLOWABLE COSTS.** The following costs shall not be recognized as allowable: (1) political contributions; (2) salaries or expenses of a lobbyist, as defined in section 10A.01, subdivision 11, for lobbying activities; (3) advertising designed to encourage potential residents to select a particular nursing home; (4) assessments levied by the commissioner of health for uncorrected violations; (5) legal and related expenses for unsuccessful challenges to decisions by governmental agencies; (6) memberships in sports, health or similar social clubs or organizations; ~~and~~ (7) costs incurred for activities directly related to influencing employees with respect to unionization; ~~and~~ (8) direct and indirect costs of providing services which are billed separately from the nursing home's payment rate or pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. The commissioner shall by rule exclude the costs of any other items not directly related to the provision of resident care.

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

Sec. 92. Minnesota Statutes 1986, section 256B.47, is amended by adding a subdivision to read:

Subd. 3. ALLOCATION OF COSTS. To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing residents of nursing homes that are not hospital attached with therapy services that are billed separately from the nursing home payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report as follows:

(a) The costs of wages and salaries for employees providing or participating in providing and consultants providing services shall be allocated to the therapy service based on direct identification.

(b) The costs of fringe benefits and payroll taxes relating to the costs in paragraph (a) must be allocated to the therapy service based on direct identification or the ratio of total costs in paragraph (a) to the sum of total allowable salaries and the costs in paragraph (a).

(c) The costs of housekeeping, plant operations and maintenance, real estate taxes, special assessments, property and insurance, other than the amounts classified as a fringe benefit, must be allocated to the therapy service based on the ratio of service area square footage to total facility square footage.

(d) The costs of bookkeeping and medical records must be allocated to the therapy service either by the method in paragraph (e) or based on direct identification. Direct identification may be used if adequate documentation is provided to, and accepted by, the commissioner.

(e) The costs of administrators, bookkeeping, and medical records salaries, except as provided in paragraph (d), must be allocated to the therapy service based on the ratio of the total costs in paragraphs (a) to (d) to the sum of total allowable nursing home costs and the costs in paragraphs (a) to (d).

Sec. 93. Minnesota Statutes 1986, section 256B.47, is amended by adding a subdivision to read:

Subd. 4. ALLOCATION OF COSTS; HOSPITAL-ATTACHED FACILITIES. To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing therapy services to residents of a hospital-attached nursing home, when the services are billed separately from the nursing home's payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report based on the Medicare step-down as prepared in accordance with instructions provided by the commissioner.

Sec. 94. Minnesota Statutes 1986, section 256B.48, subdivision 1, is amended to read:

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

Subdivision 1. **PROHIBITED PRACTICES.** A nursing home is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing home may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be offered to all residents and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing home in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing home. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing home that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing home that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing home may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring an applicant for admission to the home, or the guardian or conservator of the applicant, as a condition of admission, to pay any fee or deposit in excess of \$100, loan any money to the nursing home, or promise to leave all or part of the applicant's estate to the home.

(c) Requiring any resident of the nursing home to utilize a vendor of health care services who is a licensed physician or pharmacist chosen by the nursing home.

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

(d) Providing differential treatment on the basis of status with regard to public assistance;

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing home, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing home care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately.

The collection and use by a nursing home of financial information of any applicant pursuant to the preadmission screening program established by section 256B.091 shall not raise an inference that the nursing home is utilizing that information for any purpose prohibited by this paragraph;

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing home except as payment for renting or leasing space or equipment of the nursing home or purchasing support services; if these from the nursing home as limited by section 256B.433. All agreements are must be disclosed to the commissioner; and upon request of the commissioner. Nursing homes and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

The prohibitions set forth in clause (b) shall not apply to a retirement home with more than 325 beds including at least 150 licensed nursing home beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) accounts for all of the applicant's assets which are required to be assigned to the home so that only expenses for the cost of care of the applicant may be charged against the account; and

(3) agrees in writing at the time of admission to the home to permit the

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

applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and

(4) agrees in writing at the time of admission to the home to permit the applicant to withdraw from the home at any time and to receive, upon withdrawal, the balance of the applicant's individual account.

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing home or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing home to correct the violation. The nursing home shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing home by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation, and shall remain in effect until the violation is corrected. The nursing home or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing home is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing home to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing home.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 95. Minnesota Statutes 1986, section 256B.69, subdivision 6, is amended to read:

Subd. 6. **SERVICE DELIVERY.** (a) Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(a) (1) shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in section 256B.02, subdivision 8, in order to ensure appropriate health care is delivered to enrollees;

(b) (2) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

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

(e) (3) may contract with other health care and social service practitioners to provide services to enrollees; and

(d) (4) shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

(b) Demonstration providers must comply with the standards for claims settlement under section 72A.20, subdivision 12a, paragraphs (d), (e), (g), and (h), when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a clean claim, as defined in Code of Federal Regulations, title 42, section 447.45(d), within 30 business days of the date of acceptance of the claim.

Sec. 96. Minnesota Statutes 1986, section 256B.69, subdivision 11, is amended to read:

Subd. 11. **APPEALS.** A recipient may appeal to the commissioner a demonstration provider's delay or refusal to provide services. The commissioner shall appoint a panel of health practitioners, including social service practitioners, as necessary to determine the necessity of services provided or refused to a recipient. The deliberations and decisions of the panel replace the administrative review process otherwise available under this chapter 256. The panel shall follow the time requirements and other provisions of the Code of Federal Regulations, title 42, sections 431.200 to 431.246. The time requirements shall be expedited based on request by the individual who is appealing for emergency services. If a service is determined to be necessary and is included among the benefits for which a recipient is enrolled, the service must be provided by the demonstration provider as specified in subdivision 5. The panel's decision is a final agency action that may be appealed under the contested case provisions of chapter 14.

Sec. 97. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 12. **JUDICIAL REVIEW.** A party aggrieved by an order of the panel may appeal the order to the district court of the county responsible for furnishing assistance by serving a written copy of a notice of appeal upon the commissioner and any adverse party of record within 30 days after the date the panel issued the order and by filing the original notice and proof of service with the court administrator of the district court. Service may be made personally or by mail. Service by mail is complete upon mailing. No filing fee shall be required by the court administrator in appeals taken under this subdivision. The commissioner may elect to become a party to the proceedings in the district court. Any party may demand that the commissioner furnish all parties to the proceedings with a copy of the decision, and a transcript of any testimony, evidence, or other supporting papers from the hearing held before the panel, by serving a written demand on the commissioner within 30 days after service of the notice of appeal.

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

Sec. 98. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 13. HEARING. A party may obtain a hearing at a special term of the district court by serving a written notice of the time and place of the hearing at least ten days before the date of the hearing. The court may consider the matter in or out of chambers and shall take no new or additional evidence unless it determines that the evidence is necessary for a more equitable disposition of the appeal.

Sec. 99. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 14. APPEAL. A party aggrieved by the order of the district court may appeal the order as in other civil cases. No costs or disbursements shall be taxed against a party nor shall any filing fee or bond be required of a party.

Sec. 100. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 15. PAYMENTS PENDING APPEAL. If the panel or district court orders services paid or provided in any proceeding under this section, it must be paid or provided pending appeal to the district court, court of appeals, or supreme court.

Sec. 101. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 16. PROJECT EXTENSION. Minnesota Rules, parts 9550.1450; 9500.1451; 9500.1452; 9500.1453; 9500.1454; 9500.1455; 9500.1456; 9500.1457; 9500.1458; 9500.1459; 9500.1460; 9500.1461; 9500.1462; 9500.1463; and 9500.1464 are extended until December 31, 1990.

Sec. 102. Minnesota Statutes 1986, section 256C.26, is amended to read:

256C.26 EMPLOYMENT SERVICES.

The commissioner of jobs and training shall ~~include in the biennial plan submitted to the full productivity and opportunity coordinator a method develop~~ op a plan to deal with the underemployment of hearing impaired persons. The plan shall provide for training regarding the nature of hearing handicaps for department staff who consult with prospective employers or who provide job placement services.

Sec. 103. Minnesota Statutes 1986, section 256D.03, subdivision 3, is amended to read:

Subd. 3. GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY. ~~Persons eligible for benefits under sections 256D.01 to 256D.21 and persons not eligible for federal health care benefits whose nonexempt property, as deter-~~

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

mined according to medical assistance standards, has an equity value no greater than \$1,000 and whose income is not in excess of the medical assistance standards shall be eligible for general assistance medical care. Persons with excess income and resources may qualify for benefits under this subdivision by spending down. Treatment of income and resources in calculation of the spenddown shall be the same as in the medical assistance program pursuant to chapter 256B. General assistance medical care may be paid for any person:

(1) who is eligible for assistance under section 256D.05 or 256D.051 and is not eligible for medical assistance under chapter 256B; or

(2) who is a resident of Minnesota; whose income as calculated under chapter 256B is not in excess of the medical assistance standards or whose excess income is spent down pursuant to chapter 256B; and whose equity in resources is not in excess of \$1,000 per assistance unit. Exempt real and liquid assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B.

Eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

Sec. 104. Minnesota Statutes 1986, section 256D.03, is amended by adding a subdivision to read:

Subd. 3a. CLAIMS; ASSIGNMENT OF BENEFITS. Claims must be filed pursuant to section 256D.16. General assistance medical care applicants and recipients must apply or agree to apply third party health and accident benefits to the costs of medical care. They must cooperate with the state in establishing paternity and obtaining third party payments. By signing an application for general assistance, a person assigns to the department of human services all rights to medical support or payments for medical expenses from another person or entity on their own or their dependent's behalf and agrees to cooperate with the state in establishing paternity and obtaining third party payments. The application shall contain a statement explaining the assignment. Any rights or amounts assigned shall be applied against the cost of medical care paid for under this chapter. An assignment is effective on the date general assistance medical care eligibility takes effect. The assignment shall not affect benefits paid or provided under automobile accident coverage and private health care coverage until the person or organization providing the benefits has received notice of the assignment.

Sec. 105. Minnesota Statutes 1986, section 256D.03, subdivision 4, is amended to read:

Subd. 4. GENERAL ASSISTANCE MEDICAL CARE; SERVICES. (a) Reimbursement under the general assistance medical care program shall be limited to the following categories of service: inpatient hospital care, outpatient hospital care, services provided by medicare certified rehabilitation agencies,

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

prescription drugs, equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level, eyeglasses and eye examinations provided by a physician or optometrist, hearing aids, prosthetic devices, laboratory and X-ray services, physician's services, medical transportation, chiropractic services as covered under the medical assistance program, podiatric services, and dental care. In addition, payments of state aid shall be made for day treatment services provided by a mental health center established under sections ~~245.61 to 245.69~~, subdivision 1, and funded through chapter 256E and for:

(1) outpatient services provided by a mental health center or clinic that is under contract with the county board and is certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(2) day treatment services provided under contract with the county board;
and

(3) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization.

(b) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under section 256B.02, subdivision 8. The rates payable under this section must be calculated according to section ~~256.966~~, subdivision 2 256B.031, subdivision 4.

(c) The commissioner of human services may reduce payments provided under 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.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response

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

to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are 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 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are 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 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1987, to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are 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 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1988, to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are 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 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

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

(d) Any county may, from its own resources, provide medical 5 payments for which state payments are not made.

(e) Chemical dependency services that are reimbursed under Laws 1986, chapter 394, sections 8 to 20, must not be reimbursed under general assistance medical care.

(f) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

Sec. 106. Minnesota Statutes 1986, section 256D.05, is amended by adding a subdivision to read:

Subd. 5. TRANSFERS OF PROPERTY. The equity value of real and personal property transferred without reasonable compensation within 12 months preceding the date of application for general assistance must be included in determining the resources of an assistance unit in the same manner as in the aid to families with dependent children program under chapter 256.

Sec. 107. Minnesota Statutes 1986, section 256D.22, is amended to read:

256D.22 REIMBURSEMENT OF COUNTIES BY STATE RELATING TO PUBLIC ASSISTANCE.

To the extent of appropriations available therefor, the department of human services shall reimburse counties Subdivision 1. DISTRIBUTION FORMULA. Beginning July 1, 1988, and to the extent of appropriations available, the commissioner of human services shall reimburse counties' administrative costs in the following manner:

(a) 50 percent of the available appropriation shall be distributed to counties as reimbursement for up to 50 percent of all salary expenses, approved by the commissioner, incurred and paid by the counties, for which no payment or reimbursement is made by the United States or any subdivision thereof, in administering, and salary administrative costs in providing services in connection with, all public assistance programs.

(b) 25 percent of the available appropriation shall be distributed to counties based on each county's proportionate share of the state's aid to families with dependent children and medical assistance caseloads; provided, however, that each county's share shall be reduced by a direct percentage equal to the sum of that county's percentage of overdue aid to families with dependent children eligibility reviews added to that county's percentage of overdue quarterly asset reviews for medical assistance eligibility, as calculated for the quarter immediately preceding each quarter in which this payment is made. Any money accruing as a result of these reductions shall be rolled over and distributed as provided for in this paragraph during the next quarterly payment.

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

(c) 25 percent of the available appropriation shall be distributed to counties based on each county's proportionate share of the state's total number of children served under the community social services act as calculated for the quarter immediately preceding each quarter in which this payment is made; provided, however, that a county's share shall be reduced by a direct percentage equal to the county's percentage increase in child out-of-home placement days above the number of child out-of-home placement days for the quarter immediately preceding the quarter in which this payment is calculated. Any money accruing as a result of reductions in county shares shall be rolled over and distributed as provided in this paragraph during the next quarterly payment.

Subd. 2. EXCEPTIONS. No aid under this section shall be paid for salary costs of (a) single-county welfare directors; or (b) fiscal support personnel to the extent involved in the processing of public assistance claims and payments, or their supporting clerical staff; or (c) persons who are not regularly assigned employees of local agencies.

Subd. 3. CLAIMS. Claims for reimbursement for expenditures made by the county shall be presented to the department by the respective counties at least four times per year in such manner as the commissioner shall prescribe.

Subd. 4. DEFINITIONS. For the purposes of this section, (a) the term "salary" shall include regular compensation not in excess of that paid similarly situated state employees, the employer's cost of health benefits and contributions to the appropriate retirement system, but shall not include travel or other reimbursable expenses. ~~The commissioner shall, pursuant to the administrative procedure act, prior to making any payments, promulgate rules to implement this section;~~ (b) the term "child out-of-home placement days" includes those days when a child is a resident in a regular treatment center, residential treatment facility, juvenile group home, foster home, or temporary emergency shelter home; and (c) the term "child" means a person under 21 years of age.

Sec. 108. Minnesota Statutes 1986, section 256D.37, subdivision 1, is amended to read:

Subdivision 1. (a) For all individuals who apply to the appropriate local agency for supplemental aid, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program.

(b) When a recipient is an adult with mental illness in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, a resident of a state hospital or a dwelling with a negotiated rate, the recipient is not eligible for a shelter standard, a basic needs standard, or for special needs payments. The state standard of assistance for those recipients is the clothing and personal needs allowance for medical assistance recipients under section 256B.35. Min-

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

nesota supplemental aid may be paid to negotiated rate facilities at the rates in effect on March 1, 1985, for services provided under the supplemental aid program to residents of the facility, up to the maximum negotiated rate specified in this section. The rate for room and board for a licensed facility must not exceed \$800. The maximum negotiated rate does not apply to a facility that, on August 1, 1984, was licensed by the commissioner of health only as a boarding care home; certified by the commissioner of health as an intermediate care facility; and Minnesota supplemental aid may not be used to pay a negotiated rate for adults with mental illness in a facility licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690 or a facility that, on August 1, 1984, was licensed by the commissioner of human services under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a supplemental aid negotiated rate facility under this chapter. The following facilities are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until June 30, 1987 an alternative reimbursement system covering services excluding room and board maintenance services is developed by the commissioner:

(1) a facility that only provides services to persons with mental retardation; and

(2) a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility as of March 1, 1985, and only provides care to persons aged 65 or older does not receive supplemental program funding under Minnesota Rules, parts 9535.2000 to 9535.3000 or parts 9553.0010 to 9553.0080. Beginning July 1, 1987, ~~these~~ the facilities under clause (1) are subject to applicable supplemental aid limits, and ~~mental retardation facilities~~ must meet all applicable licensing and reimbursement requirements for programs for persons with mental retardation. The negotiated rates may be paid for persons who are placed by the local agency or who elect to reside in a room and board facility or a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, provided the local agency agrees that this care is needed by the person. When Minnesota supplemental aid is used to pay a negotiated rate, the rate payable to the facility must not exceed the rate paid by an individual not receiving Minnesota supplemental aid. To receive payment for a negotiated rate, the dwelling must comply with applicable laws and rules establishing standards necessary for health, safety, and licensure. The negotiated rate must be adjusted by the annual percentage change in the ~~urban~~ consumer price index (CPI-U) for ~~Minneapolis-St. Paul~~ U.S. city average, as published by the Bureau of Labor Statistics between the previous two ~~October~~ Septembers, new series index (1967-100) or 2.5 percent, whichever is less. In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, except that the earned income disregard for disabled persons who are not residents of long-term care facilities ~~shall~~ must be the same as the earned income disregard available to disabled persons in the supplemental security income program and all actual

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

work expenses ~~shall~~ must be deducted when determining the amount of income for the individual. ~~From and after~~ the first of the month in which an effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 109. Minnesota Statutes 1986, section 256E.12, subdivision 3, is amended to read:

Subd. 3. The commissioner shall allocate grants under this section to finance up to 90 percent of each county's costs for services for chronically mentally ill persons. The commissioner shall promulgate emergency and permanent rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the services in helping chronically mentally ill persons remain and function in their own communities. ~~The commissioner shall report to the legislature no later than January 15, 1983 on the effectiveness of the experimental program and shall make recommendations regarding making this program an integral part of the social development programs administered by counties.~~ The experimental program shall expire no later than June 30, ~~1987~~ 1989.

Sec. 110. Minnesota Statutes 1986, section 257.35, is amended to read:

257.35 CITATION.

Sections 257.35 to 257.357 and sections 257.3571 to 257.3579 may be cited as the "Minnesota Indian family preservation act."

Sec. 111. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 3a. COMMISSIONER. "Commissioner" means the commissioner of human services.

Sec. 112. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 4a. FAMILY-BASED SERVICES. "Family-based services" means intensive family-centered services to families primarily in their own home and for a limited time.

Sec. 113. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 8a. INDIAN ORGANIZATION. "Indian organization" means an organization providing child welfare services that is legally incorporated as a nonprofit organization, is registered with the secretary of state, and is governed by a board of directors having at least a majority of Indian directors.

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

Sec. 114. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 11a. PERMANENCY PLANNING. "Permanency planning" means the systematic process of carrying out, within a short time, a set of goal-oriented activities designed to help children live in families that offer continuity of relationships with nurturing parents or caretakers, and the opportunity to establish lifetime relationships.

Sec. 115. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 11b. PLACEMENT PREVENTION AND FAMILY REUNIFICATION SERVICES. "Placement prevention and family reunification services" means services designed to help children remain with their families or to reunite children with their parents.

Sec. 116. Minnesota Statutes 1986, section 257.351, subdivision 15, is amended to read:

Subd. 15. TRIBAL COURT. "Tribal court" means a court with federally recognized jurisdiction over child custody proceedings which is either a court of Indian offenses, or a court established and operated under the code or custom of an Indian tribe, or the administrative body of a tribe which is vested with authority over child custody proceedings. Except as provided in section 257.354, subdivision 5, nothing in this chapter shall be construed as conferring jurisdiction on an Indian tribe.

Sec. 117. Minnesota Statutes 1986, section 257.354, subdivision 4, is amended to read:

Subd. 4. EFFECT OF TRIBAL COURT PLACEMENT ORDERS. To the extent that any child subject to sections 257.35 to 257.357 is otherwise eligible for social services, orders of a tribal court concerning placement of such child shall have the same force and effect as orders of a court of this state. In any case where the tribal court orders placement through a local social service agency, the court shall provide to the local agency notice and an opportunity to be heard regarding the placement. Determination of county of financial responsibility for the placement shall be determined by the local social service agency and shall be subject to review by the commissioner in accordance with sections 14.01 to 14.69 section 256E.08. Disputes concerning the county of financial responsibility shall be settled in the manner prescribed in section 256D.18, subdivision 4.

Sec. 118. Minnesota Statutes 1986, section 257.354, is amended by adding a subdivision to read:

Subd. 5. The commissioner is hereby authorized to enter into agreements with Indian tribes pursuant to United States Code, title 25, section 1919, respecting care and custody of Indian children and jurisdiction over child custody proceedings, including agreements which may provide for orderly transfer of

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

jurisdiction on a case-by-case basis and agreements which provide for concurrent jurisdiction between the state and an Indian tribe.

Sec. 119. [257.3571] INDIAN CHILD WELFARE GRANTS.

Subdivision 1. PRIMARY SUPPORT GRANTS. The commissioner shall establish direct grants to Indian tribes and Indian organizations to provide primary support for Indian child welfare programs to implement the Indian family preservation act.

Subd. 2. SPECIAL FOCUS GRANTS. The commissioner shall establish direct grants to local social service agencies, tribes, Indian organizations, and other organizations for placement prevention and family reunification services for Indian children.

Subd. 3. REQUEST FOR PROPOSALS. The commissioner shall request proposals for primary support for Indian child welfare programs and special focus programs under subdivisions 1 and 2, and specify the information and criteria required.

Sec. 120. [257.3572] GRANT APPLICATIONS.

A tribe or Indian organization may apply for primary support grants under section 108, subdivision 1. A local social service agency, tribe, Indian organization, or other social service organization may apply for special focus grants under section 257.3571, subdivision 2. Application may be made alone or in combination with other tribes or Indian organizations.

Sec. 121. [257.3573] ELIGIBLE SERVICES.

Subdivision 1. TYPES OF SERVICES. (a) Eligible Indian child welfare services provided under primary support grants include:

- (1) placement prevention and reunification services;
- (2) family-based services;
- (3) individual and family counseling;
- (4) access to professional individual, group, and family counseling;
- (5) crisis intervention and crisis counseling;
- (6) development of foster and adoptive placement resources, including recruitment, licensing, and support;
- (7) court advocacy;
- (8) training and consultation to county and private social service agencies regarding the Indian child welfare act and the Minnesota Indian family preservation act;

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

(9) advocacy in working with the county and private social service agencies, and activities to help provide access to agency services, including but not limited to 24-hour caretaker and homemaker services, day care, emergency shelter care up to 30 days in 12 months, access to emergency financial assistance, and arrangements to provide temporary respite care to a family for up to 72 hours consecutively or 30 days in 12 months.

(10) transportation services to the child and parents to prevent placement or reunite the family; and

(11) other activities and services approved by the commissioner that further the goals of the Indian child welfare act and the Indian family preservation act, including but not limited to recruitment of Indian staff for local social service agencies and licensed child placing agencies. The commissioner may specify the priority of an activity and service based on its success in furthering these goals.

(b) Eligible services provided under special focus grants include;

(1) permanency planning activities that meet the special needs of Indian families;

(2) teenage pregnancy;

(3) independent living skills;

(4) family and community involvement strategies to combat child abuse and chronic neglect of children;

(5) coordinated child welfare and mental health services to Indian families;

(6) innovative approaches to assist Indian youth to establish better self-image, decrease isolation, and decrease the suicide rate;

(7) expanding or improving services by packaging and disseminating information on successful approaches or by implementing models in Indian communities relating to the development or enhancement of social structures that increase family self-reliance and links with existing community resources;

(8) family retrieval services to help adopted individuals reestablish legal affiliation with the Indian tribe; and

(9) other activities and services approved by the commissioner that further the goals of the Indian child welfare act and the Indian family preservation act. The commissioner may specify the priority of an activity and service based on its success in furthering these goals.

(c) The commissioner shall give preference to programs that use Indian staff, contract with Indian organizations or tribes, or whose application is a joint effort between the Indian and non-Indian community to achieve the goals of the Indian child welfare act and the Minnesota Indian family preservation act. Programs must have input and support from the Indian community.

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

Subd. 2. INAPPROPRIATE EXPENDITURES. Indian child welfare grant money must not be used for:

(1) child day care necessary solely because of employment or training for employment of a parent or other relative with whom the child is living;

(2) foster care maintenance or difficulty of care payments;

(3) residential facility payments;

(4) adoption assistance payments;

(5) public assistance payments for aid to families with dependent children, supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145.911 to 145.922; or

(6) administrative costs for income maintenance staff.

Sec. 122. [257.3574] CONTINUED LEGAL RESPONSIBILITY OF LOCAL SOCIAL SERVICE AGENCIES.

The legal responsibility of local social service agencies to provide Indian child welfare services continues, and existing services must not be reduced because of the availability of these funds.

Sec. 123. [257.3575] PAYMENTS; REQUIRED REPORTS.

Subdivision 1. PAYMENTS. The commissioner shall make grant payments to each approved program in four quarterly installments a year. The commissioner may certify an advance payment for the first quarter of the state fiscal year. Later payments must be made upon receipt by the state of a quarterly report on finances and program activities.

Subd. 2. QUARTERLY REPORT. Each quarter, an approved program receiving an Indian child welfare grant shall submit a report to the commissioner that includes:

(1) a detailed accounting of grant money expended during the preceding quarter, specifying expenditures by line item and year to date; and

(2) a description of Indian child welfare activities conducted during the preceding quarter, including the number of clients served and the type of services provided.

The quarterly reports must be submitted no later than 15 days after the end of each quarter of the state fiscal year.

Subd. 3. FINAL REPORT. A final evaluation report must be submitted by each approved program. It must include client outcomes, cost and effectiveness in meeting the goals of the Indian family preservation act and permanency planning goals.

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

Sec. 124. [257.3576] MONITORING AND EVALUATION.

The commissioner shall design and implement methods for monitoring the delivery and evaluating the effectiveness of Indian child welfare services funded through these grants.

Sec. 125. [257.3577] GRANT FORMULA.

Subdivision 1. PRIMARY SUPPORT GRANTS. (a) The amount available for grants established under section 108, subdivision 1, to tribes and Indian organization grants is four-fifths of the total annual appropriation for Indian child welfare grants.

(b) The commissioner shall award tribes at least 70 percent of the amount set in paragraph (a) for primary support grants. Each tribe shall be awarded a base amount of five percent of the total amount set in this paragraph. In addition, each tribe shall be allocated a proportion of the balance of the amount set in this paragraph, less the total base amounts for all reservations. This proportion must equal the ratio of the tribe's on-reservation population to the state's total on-reservation population. Population data must be based on the most recent federal census data according to the state demographer's office.

(c) The commissioner shall award Indian organizations up to 30 percent of the amount set in paragraph (a) for primary support grants. A maximum of four multiservice Indian organizations may be awarded grants under this paragraph. "Multiservice Indian organizations" means Indian organizations recognized by the Indian community as providing a broad continuum of social, educational, or cultural services, including Indian child welfare services designed to meet the unique needs of the Indian communities in Minneapolis, St. Paul, and Duluth. Grants may be awarded to programs that submit acceptable proposals, comply with the goals and the application process of the program, and have budgets that reflect appropriate and efficient use of funds.

Subd. 2. SPECIAL FOCUS GRANTS. The amount available for grants established under section 257.3571, subdivision 2 for local social service agencies, tribes, Indian organizations, and other social services organizations is one-fifth of the total annual appropriation for Indian child welfare grants. The maximum award under this subdivision is \$100,000 a year for programs approved by the commissioner.

Sec. 126. [257.3578] UNDISTRIBUTED FUNDS.

Undistributed funds must be reallocated by the department of human services to any other grant categories established under section 257.3571, subdivision 1 or 2 for the goals of this grant process. Undistributed funds are available until expended.

Sec. 127. [257.3579] AMERICAN INDIAN ADVISORY TASK FORCE.

Subdivision 1. CREATION OF TASK FORCE. The commissioner shall appoint an American Indian advisory task force to help formulate policies and

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

procedures relating to Indian child welfare services and to make recommendations regarding approval of grants provided under section 257.3571, subdivisions 1 and 2. The task force shall consist of 17 members appointed by the commissioner and must include representatives of each of the 11 Minnesota reservations who are authorized by tribal resolution, one representative from the Duluth Urban Indian Community, three representatives from the Minneapolis Urban Indian Community, and two representatives from the St. Paul Urban Indian Community. Representatives from the urban Indian communities must be selected through an open appointments process under section 15.0597. The task force shall expire on June 30, 1991. The terms, compensation, and removal of American Indian advisory task force members shall be as provided in section 15.059.

Sec. 128. Minnesota Statutes 1986, section 268.0111, subdivision 8, is amended to read:

Subd. 8. **SERVICE PROVIDER.** "Service provider" means a public, private, or nonprofit agency that is capable of providing or administering one or more of the employment and training services or income maintenance and support services ~~or administering one or more of the programs for which the full productivity and opportunity coordinator has responsibility under this section.~~

Sec. 129. Minnesota Statutes 1986, section 268.0122, subdivision 2, is amended to read:

Subd. 2. **SPECIFIC POWERS.** The commissioner of jobs and training shall:

(1) administer and supervise all forms of unemployment insurance provided for under federal and state laws that are vested in the commissioner;

(2) administer and supervise all employment and training services assigned to the department of jobs and training under federal or state law;

(3) review and comment on local service unit plans and community investment program plans and; ~~with the concurrence of the coordinator,~~ approve or disapprove the plans;

(4) establish and maintain administrative units necessary to perform administrative functions common to all divisions of the department;

(5) supervise the county boards of commissioners, local service units, and any other units of government designated in federal or state law as responsible for employment and training programs;

(6) establish administrative standards and payment conditions for providers of employment and training services;

(7) act as the agent of, and cooperate with, the federal government in matters of mutual concern, including the administration of any federal funds

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

granted to the state to aid in the performance of functions of the commissioner; and

(8) obtain reports from local service units and service providers for the purpose of evaluating the performance of employment and training services.

Sec. 130. Minnesota Statutes 1986, section 268.0122, subdivision 3, is amended to read:

Subd. 3. **DUTIES AS A STATE AGENCY.** The commissioner shall:

- (1) administer the unemployment insurance laws and related programs;
- (2) administer the aspects of aid to families with dependent children, general assistance, work readiness, and food stamps that relate to employment and training services, subject to the limitations of federal regulations;
- (3) administer wage subsidies ~~and recommend to the coordinator the use of the discretionary portion of wage subsidy appropriations;~~
- (4) administer a national system of public employment offices as prescribed by United States Code, title 29, chapter 4B, the Wagner-Peyser Act, and other federal employment and training programs;
- (5) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;
- (6) enter into agreements with other departments of the state and local units of government as necessary;
- (7) certify competent service providers and; ~~with the concurrence of the coordinator;~~ decertify service providers that fail to comply with performance criteria according to standards established by the ~~coordinator~~ commissioner;
- (8) provide consistent, integrated employment and training services across the state;
- (9) establish the standards for all employment and training services administered under this chapter;
- (10) develop standards for the contents and structure of the county plans;
- (11) provide current state and substate labor market information and forecasts, in cooperation with other agencies;
- ~~(12) prepare a plan and submit it to the coordinator in each even-numbered year, according to standards established by the coordinator, for use in developing a statewide employment and training plan;~~
- ~~(12)~~ (12) identify underserved populations, unmet service needs, and funding requirements;

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

(14) (13) consult with the council for the blind on matters pertaining to programs and services for the blind and visually impaired; and

(15) (14) submit to the governor, ~~the coordinator~~, the commissioners of human services and finance, and the chairs of the senate finance and house appropriations committees a semiannual report that:

(a) reports, by client classification, an unduplicated count of the kinds and number of services furnished through each program administered or supervised by the department or coordinated with it;

(b) reports on the number of job openings listed, developed, available, and obtained by clients;

(c) identifies the number of cooperative agreements in place, the number of individuals being served, and the kinds of service provided them;

(d) evaluates the performance of services, such as wage subsidies, community investments, work readiness, and grant diversions; and

(e) explains the effects of current employment levels, unemployment rates, and program performance on the unemployment insurance fund and general assistance, work readiness, and aid to families with dependent children caseloads and program expenditures.

Sec. 131. Minnesota Statutes 1986, section 268.36, is amended to read:

268.36 REPORT TO THE COORDINATOR AND THE LEGISLATURE.

The commissioner, after consultation with the local service units and providers of employment and training services, shall evaluate the effectiveness of youth employment programs, taking into account the extent of all programs which are providing summer employment opportunities for youth, and shall report to the ~~coordinator~~ and the legislature no later than January 15 of each even-numbered year with an evaluation of this and other programs and any recommendations for improvements.

Sec. 132. Minnesota Statutes 1986, section 268.37, subdivision 3, is amended to read:

Subd. 3. The commissioner shall promulgate emergency rules as necessary to administer the grants program and shall promulgate permanent rules by July 1, 1980. The rules shall describe: (a) procedures for the administration of grants, (b) data to be reported by grant recipients, and (c) other matters the commissioner finds necessary for the proper administration of the grant program including compliance with relevant federal regulations. ~~Weatherization assistance shall be given to households where the total income does not exceed 125 percent of the poverty level as updated by the federal office of management and budget poverty guidelines.~~ The commissioner must require that a rental unit weatherized under this section be rented to a household meeting the income

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

limits of the program for 24 of the 36 months after weatherization is complete. In applying this restriction to multiunit buildings weatherized under this section, the commissioner shall require that occupancy continue to reflect the proportion of eligible households in the building at the time of weatherization. The commissioner shall report by February 1, 1988, to the chair of the health and human services divisions of the house appropriations and senate finance committees all steps taken to implement the requirement restricting rental of weatherized units to eligible households.

Sec. 133. Minnesota Statutes 1986, section 268.53, subdivision 1, is amended to read:

Subdivision 1. **IN GENERAL.** A community action agency is a political subdivision of the state, a combination of political subdivisions, a public agency, or a private nonprofit agency which has the authority under its applicable charter or laws to receive funds under section 268.52 to support community action programs as described in section 268.54 and which was designated as an eligible entity under the Community Services Block Grant Act, Public Law Number 97-35, section 673(1), 95 Stat. 357, 512 (1981), as amended by, Act of October 30, 1984, Public Law Number 98-558, section 202, 98 Stat. 2878, 2884 (1984). For purposes of this subdivision, "eligible entity" also means any community action agency which qualified under all federal and state regulations applicable during the period from 1981 to September 30, 1984.

Sec. 134. Minnesota Statutes 1986, section 268.673, is amended by adding a subdivision to read:

Subd. 4a. CONTRACTS WITH SERVICE PROVIDERS. The commissioner shall contract directly with a certified local service provider to deliver wage subsidies if (1) each county served by the provider agrees to the contract and knows the amount of wage subsidy money allocated to the county under section 268.6751, and (2) the provider agrees to meet regularly with each county being served.

Sec. 135. Minnesota Statutes 1986, section 268.673, subdivision 5, is amended to read:

Subd. 5. REPORT. Each eligible local service unit entity delivering wage subsidies shall report to the commissioner and the coordinator on a quarterly basis:

- (1) the number of persons employed placed in private sector jobs, in temporary public sector jobs, or in other services;
- (2) the outcome for each participant placed in a private sector job, in a temporary public sector job, or in another service;
- (3) the number and type of employers employing persons under the program;

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

~~(3)~~ (4) the amount of money spent in each eligible local service unit for wages for each type of employment and each type of other expense;

~~(4)~~ (5) the ~~number~~ age, educational experience, family status, gender, priority group status, race, and work experience of persons who have completed participation each person in the program ~~and their current employment, educational, or training status;~~

~~(6)~~ (6) the amount of wages received by persons while in the program and 60 days after completing the program;

~~(7)~~ (7) for each classification of persons described in clause (5), the outcome of the wage subsidy placement, including length of time employed; nature of employment, whether private sector, temporary public sector, or other service; and the hourly wages; and

~~(5)~~ (8) any other information requested by the commissioner or the coordinator. Each report must include cumulative information, as well as information for each quarter.

Data collected on individuals under this subdivision are private data on individuals as defined in section 13.02, subdivision 12, except that summary data may be provided under section 13.05, subdivision 7.

Sec. 136. Minnesota Statutes 1986, section 268.6751 is amended to read:

Subdivision 1. **WAGE SUBSIDIES.** Wage subsidy money must be allocated to eligible local service units in the following manner:

(a) The commissioner shall allocate ~~70~~ 87.5 percent of the funds available for allocation to eligible local service units for wage subsidy programs as follows: the proportion of the wage subsidy money available to each eligible local service unit must be based on the number of unemployed persons in the eligible local service unit for the most recent six-month period and the number of work readiness assistance cases and aid to families with dependent children cases in the eligible local service unit for the most recent six-month period.

(b) ~~Thirty Five~~ Thirty Five percent of the money available for wage subsidy programs must be allocated at the ~~direction and discretion of the coordinator~~ commissioner.

(c) Seven and one-half percent of the money available for wage subsidy programs must be allocated at the discretion of the commissioner to provide jobs for residents of federally recognized Indian reservations. The commissioner shall distribute the discretionary portion of wage subsidy appropriations at the request of the coordinator. For the biennium ending June 30, 1987, up to 25 percent of the discretionary portion of the wage subsidy appropriation may be used to support the office of full productivity and opportunity and the development of an intake, referral, and inventory system. In allocating the remaining discretionary portion of the wage subsidy appropriation, the coordinator shall give priority to eligible local service units that have:

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

- (1) high numbers of farmers who can demonstrate severe household financial need;
- (2) demonstrated success in placing public assistance applicants in private sector jobs;
- (3) demonstrated need beyond the allocation distributed under paragraph (a);
- (4) maximized use of money through coordination with other programs and state, local, and federal agencies; and through the use of matching money from private and nonprofit sources;
- (5) demonstrated need to provide special assistance in order to serve unemployed persons who incur unusual costs such as necessary relocation expenses; or
- (6) areas with high unemployment rates.

(d) By December 31 of each fiscal year, providers and local service units receiving wage subsidy money shall report to the commissioner on the use of allocated funds. The commissioner shall reallocate uncommitted funds for each fiscal year according to the formula in paragraph (a).

Subd. 2. **EMERGENCY WAGE SUBSIDIES.** (a) The ~~coordinator~~ commissioner shall monitor local and statewide unemployment rates. Upon determining that an economic emergency exists in one or more local service units, the ~~coordinator~~ commissioner may implement an emergency wage subsidy program and recommend to the governor to pursue ways to increase the wage subsidy money available to local service units in the affected area or areas from sources other than the appropriation allocated under subdivision 1.

(b) When the unemployment rate for the state of Minnesota equals or exceeds nine percent, the ~~coordinator~~ commissioner shall implement a statewide emergency wage subsidy program and shall recommend to the governor to pursue ways to increase money available for wage subsidies.

Sec. 137. Minnesota Statutes 1986, section 268.676, is amended to read:

268.676 ALLOCATION WITHIN ELIGIBLE LOCAL SERVICE UNITS; PRIORITIES AMONG APPLICANTS; EMPLOYERS.

Subdivision 1. **AMONG JOB APPLICANTS.** Allocation At least 80 percent of funds allocated among eligible job applicants within an eligible local service unit shall give priority statewide must be allocated to:

- (1) applicants living in households with no other income source;
- (2) applicants whose incomes and resources are less than the standards for eligibility for general assistance or work readiness;
- (3) applicants who are eligible for aid to families with dependent children; and

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

(4) applicants who live in a farm household who demonstrate severe household financial need.

Subd. 2. **AMONG EMPLOYERS.** Allocation of funds among eligible employers within an eligible local service unit shall give priority to funding private sector jobs to the extent that eligible businesses apply for funds. If possible, no more than 25 percent of the statewide funds available for wages may be allocated for temporary jobs with eligible government and nonprofit agencies, or for temporary community investment program jobs with eligible government agencies during the biennium. This subdivision does not apply to jobs for residents of federally recognized Indian reservations.

Sec. 138. Minnesota Statutes 1986, section 268.677, subdivision 1, is amended to read:

Subdivision 1. To the extent allowable under federal and state law, wage subsidy money must be pooled and used in combination with money from other employment and training services or income maintenance and support services. At least 75 percent of the money appropriated for wage subsidies must be used to pay wages for eligible job applicants. For each eligible job applicant employed, the maximum state contribution from any combination of public assistance grant diversion and employment and training services governed under this chapter, including wage subsidies, is \$4 per hour for wages and \$1 per hour for fringe benefits. ~~In addition, The use of wage subsidies are~~ is limited as follows:

(a) For each eligible job applicant placed in private or nonprofit employment, the state may subsidize wages for a maximum of 1,040 hours over a period of 26 weeks. Employers are encouraged to use money from other sources to provide increased wages to applicants they employ.

(b) For each eligible job applicant participating in a job training program and placed in private sector employment, the state may subsidize wages for a maximum of 1,040 hours over a period of 52 weeks.

(c) For each eligible job applicant placed in a community investment program job, the state may provide wage subsidies for a maximum of 780 hours over a maximum of 26 weeks. For an individual placed in a community investment program job, the county share of the wage subsidy shall be 25 percent. Counties may use money from sources other than public assistance and wage subsidies, including private grants, contributions from nonprofit corporations and other units of government, and other state money, to increase the wages or hours of persons employed in community investment programs.

(d) Notwithstanding the limitations of paragraphs (a) and (b), money may be used to provide a state contribution for wages and fringe benefits in private sector jobs for eligible applicants who had previously held temporary jobs with eligible government and nonprofit agencies or who had previously held community investment program jobs for which a state contribution had been made, and who are among the priority groups established in section 268.676, subdivision 1.

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

The use of money under this paragraph shall be for a maximum of 1,040 hours over a maximum period of 26 weeks per job applicant.

Sec. 139. Minnesota Statutes, section 268.678, subdivision 1, is amended to read:

Subdivision 1. **GENERAL POWERS.** Eligible local service units have the powers and duties given in this section and any additional duties given by the ~~coordinator~~ or the commissioner.

Sec. 140. Minnesota Statutes 1986, section 268.678, subdivision 4, is amended to read:

Subd. 4. **CONTRACTS.** Each eligible local service unit that has not agreed to a contract under section 122, may enter into contracts with certified service providers to deliver wage subsidies.

Sec. 141. Minnesota Statutes 1986, section 268.681, subdivision 2, is amended to read:

Subd. 2. **PRIORITIES.** (a) In allocating funds among eligible businesses, the eligible local service unit or its contractor shall give priority to:

(1) businesses engaged in manufacturing;

(2) nonretail businesses that are small businesses as defined in section 645.445;
and

(3) businesses that export products outside the state.

(b) In addition to paragraph (a), an eligible local service unit must give priority to businesses which best satisfy the following criteria that:

(a) (1) have a high potential for growth and long-term job creation;

(b) (2) are labor intensive;

(c) meet the definition of a small business as defined in section 645.445;

(d) (3) make high use of local and Minnesota resources;

(e) (4) are under ownership of women and minorities;

(f) (5) make high use of new technology;

(g) (6) produce energy conserving materials or services or are involved in development of renewable sources of energy; and

(h) (7) have their primary place of business in Minnesota.

Sec. 142. Minnesota Statutes 1986, section 268.681, subdivision 3, is amended to read:

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

Subd. 3. **PAYBACK.** A business receiving wage subsidies shall repay 70 percent of the amount initially received for each eligible job applicant employed, if the employee does not continue in the employment of the business beyond the six-month subsidized period. If the employee continues in the employment of the business for one year or longer after the six-month subsidized period, the business need not repay any of the funds received for that employee's wages. If the employee continues in the employment of the business for a period of less than one year after the expiration of the six-month subsidized period, the business shall receive a proportional reduction in the amount it must repay. If an employer dismisses an employee for good cause and works in good faith with the eligible local service unit or its contractor to employ and train another person referred by the eligible local service unit or its contractor, the payback formula shall apply as if the original person had continued in employment.

A repayment schedule shall be negotiated and agreed to by the eligible local service unit and the business prior to the disbursement of the funds and is subject to renegotiation. The eligible local service unit shall forward 25 percent of the payments received under this subdivision to the commissioner on a monthly basis and shall retain the remaining 75 percent for local program expenditures. Notwithstanding section 268.677, subdivision 2, the local service unit may use up to 20 percent of its share of the funds returned under this subdivision for any administrative costs associated with the collection of the funds under this subdivision. At least 80 percent of the local service unit's share of the funds returned under this subdivision must be used as provided in section 268.677. The commissioner shall deposit ~~these~~ payments forwarded to the commissioner under this subdivision in the Minnesota wage subsidy account created by subdivision 4.

Sec. 143. Minnesota Statutes 1986, section 268.871, subdivision 1, is amended to read:

Subdivision 1. **RESPONSIBILITY AND CERTIFICATION.** Unless prohibited by federal law or otherwise determined by state law ~~or the coordinator~~, a local service unit is responsible for the delivery of employment and training services. After February 1, 1986, employment and training services must be delivered by public, nonprofit, or private service providers that are certified to provide the services.

Sec. 144. Minnesota Statutes 1986, section 268.88, is amended to read:

268.88 LOCAL SERVICE UNIT PLANS.

(a) Local service units shall prepare and submit to the commissioner by October 15 of each year an annual plan for the subsequent calendar year. The commissioner shall notify each local service unit by December 1 of each year if its plan has been approved or disapproved. The plan must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

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

(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;

(3) a statement of whether the goals from the preceding year were met and an explanation if the local service unit failed to meet the goals;

(4) the amount proposed to be allocated to each employment and training service;

(5) the proposed types of employment and training services the local service unit plans to utilize;

(6) a report on the use of wage subsidies, grant diversions, community investment programs, sliding fee day care, and other services administered under this chapter;

(7) an annual update of the community investment program plan according to standards established by the commissioner; and

(8) a performance review of service providers delivering employment and training services.

(b) In counties with a city of the first class, the county and the city shall develop and submit a joint plan. The plan may not be submitted until agreed to by both the city and the county. The plan must provide for the direct allocation of employment and training money to the city and the county unless waived by either. If the county and the city cannot concur on a plan, the ~~coordinator~~ commissioner shall resolve their dispute.

(c) The commissioner may withhold the distribution of employment and training money from a local service unit that does not submit a plan to the commissioner by the date set by this section, and shall withhold the distribution of employment and training money from a local service unit whose plan has been disapproved by the ~~coordinator~~ commissioner until an acceptable amended plan has been submitted.

(d) For 1985, local service unit plans must be submitted by November 1, 1985 and must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;

(3) the amount proposed to be allocated to each employment and training service;

(4) the proposed employment and training services and service providers the local service unit plans to utilize; and

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

(5) a statement of intent regarding the establishment of either a community investment program or an employment experience program.

~~If the local service unit provides a statement of intent for the establishment of a community investment program under clause (5); the local service unit must submit a preliminary community investment program plan by February 1, 1986.~~

Sec. 145. Minnesota Statutes 1986, section 268.89, subdivision 2, is amended to read:

Subd. 2. **BIENNIAL PLAN.** The commissioner shall recommend to the governor the priorities, performance standards, and special projects ~~that are consistent with the coordinator's biennial plan.~~

Sec. 146. Minnesota Statutes 1986, section 268.91, subdivision 2, is amended to read:

Subd. 2. **DUTIES OF COMMISSIONER.** The commissioner shall develop standards for county boards to provide child care services to enable eligible families to participate in employment or training programs. The commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The commissioner shall require counties to collect and report data that the commissioner deems necessary to evaluate the effectiveness of the program in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children. ~~The commissioner shall report to the full productivity and opportunity coordinator in each even-numbered year on the effectiveness of the program.~~

Sec. 147. Minnesota Statutes 1986, section 287.05, subdivision 1, is amended to read:

Subdivision 1. A tax of ~~45~~ 23 cents is imposed upon each \$100, or fraction thereof, of the principal debt or obligation which is or may be secured by any mortgage of real property situated within the state executed, delivered, and recorded or registered; provided, however, that the tax shall be imposed but once upon any mortgage and extension thereof. If the mortgage describes real estate situated outside of this state, the tax shall be imposed upon that proportion of the whole debt secured thereby as the value of the real estate therein described situated in this state bears to the value of the whole of the real estate described therein. The tax imposed by this section shall not apply to a contract for the conveyance of real estate or any interest in real estate recorded or registered on or after January 1, 1984.

Sec. 148. Minnesota Statutes 1986, section 287.12, is amended to read:

287.12 TAXES, HOW APPORTIONED.

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

All taxes paid to the county treasurer under the provisions of sections 287.01 to 287.12 shall be credited to the county revenue fund.

On or before the tenth day of each month the county treasurer shall determine the receipts from the mortgage registration tax during the preceding month. The treasurer shall report to the county welfare agency on or before the tenth day of each month ~~95~~ 97 percent of the receipts attributable to the statutory rate in section 287.05. That amount, in addition to 97 percent of the amount determined under section 287.29, must be shown as a deduction from the report filed with the department of human services as required by section 256.82. The net receipts from the preceding month must be credited to the county welfare fund by the tenth day of each month.

Sec. 149. Minnesota Statutes 1986, section 287.21, subdivision 1, is amended to read:

Subdivision 1. There is hereby imposed on each deed, instrument, or writing by which any lands, tenements, or other realty in this state shall be granted, assigned, transferred or otherwise conveyed, a tax determined in the following manner. When transfers are made by instruments pursuant to mergers, consolidations, sales or transfers of substantially all of the assets of corporations pursuant to plans of reorganization or there is no consideration or when the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, is ~~\$1,000~~ \$500 or less, the tax shall be ~~\$2.20~~ \$1.65. When the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, exceeds ~~\$1,000~~ \$500, the tax shall be ~~\$2.20~~ \$1.65 plus ~~\$1.10~~ \$1.65 for each additional \$500 or ~~fractional part of~~ fraction of \$500 in excess of ~~\$1,000~~ fraction of that amount.

The tax applies against the total consideration, including the fair market value of any personal property transferred as part of the total consideration.

Sec. 150. Minnesota Statutes 1986, section 393.07, subdivision 10, is amended to read:

Subd. 10. **FEDERAL FOOD STAMP PROGRAM.** (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate. The commissioner shall report on the monitoring activities on a county-by-county

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

basis in a report presented to the legislature by July 1 each year. This monitoring activity shall be separate from the management evaluation survey sample required under federal regulations.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) The county welfare board shall participate in a food stamp quality control system subject to the supervision of the commissioner of human services and pursuant to federal regulations.

~~Any A~~ person who commits any of the following acts is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2), and (5) has violated section 256.98 and is subject to both the criminal and civil penalties provided under that section:

(1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or intentional concealment of a material fact, food stamps to which the person is not entitled or in an amount greater than that to which that person is entitled; or

(2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

(3) Willfully uses or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law.

~~The amount of food stamps incorrectly issued shall be the difference between the amount of food stamps actually received and the amount to which the recipient would have been entitled under state and federal law had the welfare agency been informed of all material facts. The amount of any food stamps determined to have been incorrectly issued, used, transferred or presented shall, unless otherwise determined by the county welfare board in order to prevent undue hardship, be recoverable from the recipient, or user, or the recipient's or user's estate by the county as a debt due the county.~~

Sec. 151. Minnesota Statutes 1986, section 524.3-1201, is amended to read:

524.3-1201 COLLECTION OF PERSONAL PROPERTY BY AFFIDAVIT.

(a) Thirty days after the death of a decedent, any person indebted to the

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

decedent or having possession of tangible personal property or an instrument evidencing a debt, obligation, stock or chose in action belonging to the decedent shall make payment of the indebtedness or deliver the tangible personal property or an instrument evidencing a debt, obligation, stock or chose in action to a person claiming to be the successor of the decedent, or a county agency with a claim authorized by section 256B.15, upon being presented a certified death certificate of the decedent and an affidavit, in duplicate, made by or on behalf of the successor stating that:

(1) the value of the entire probate estate, wherever located, less liens and encumbrances, does not exceed \$5,000;

(2) 30 days have elapsed since the death of the decedent;

(3) no application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction; and

(4) the claiming successor is entitled to payment or delivery of the property.

(b) A transfer agent of any security shall change the registered ownership on the books of a corporation from the decedent to the successor or successors upon the presentation of an affidavit as provided in subsection (a).

(c) The claiming successor or county agency shall disburse the proceeds collected under this section to any person with a superior claim under section 524.3-805.

Sec. 152. Minnesota Statutes 1986, section 525.56, subdivision 3, is amended to read:

Subd. 3. The court may appoint a guardian of the person if it determines that all the powers and duties listed in this subdivision are needed to provide for the needs of the incapacitated person. The court may appoint a conservator of the person if it determines that a conservator is needed to provide for the needs of the incapacitated person through the exercise of some, but not all, of the powers and duties listed in this subdivision. The duties and powers of a guardian or those which the court may grant to a conservator of the person include, but are not limited to:

(1) The power to have custody of the ward or conservatee and the power to establish a place of abode within or without the state, except as otherwise provided in this clause. The ward or conservatee or any person interested in the ward's or conservatee's welfare may petition the court to prevent or to initiate a change in abode. A ward or conservatee may not be admitted to any state institution by the guardian or conservator except (1) after a hearing pursuant to section 253A.07; (2) for outpatient services; or (3) for the purpose of receiving temporary care for a specific period of time not to exceed 90 days in any calendar year.

(2) The duty to provide for the ward's or conservatee's care, comfort and

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

maintenance needs, including food, clothing, shelter, health care, social and recreational requirements, and, whenever appropriate, training, education and rehabilitation. The guardian or conservator has no duty to pay for these requirements out of personal funds. Whenever possible and appropriate, the guardian or conservator should meet these requirements through governmental benefits or services to which the ward or conservatee is entitled, rather than from the ward's or conservatee's estate. Failure to satisfy the needs and requirements of this clause shall be grounds for removal, but the guardian or conservator shall have no personal or monetary liability.

(3) The duty to take reasonable care of the ward's or conservatee's clothing, furniture, vehicles and other personal effects, and, if other property requires protection, the power to seek appointment of a guardian or conservator of the estate. The guardian or conservator must give notice in the manner required and to those persons specified in section 525.55 prior to the disposition of the ward's or conservatee's clothing, furniture, vehicles or other personal effects. The notice must inform the person of the right to object to the disposition of the property within ten days and to petition the court for a review of the guardian's or conservator's proposed actions. Notice of the objection must be served by mail or personal service on the guardian or conservator and the ward or conservatee unless the ward or conservatee be the objector. The guardian or conservator served with notice of an objection to the disposition of the property may not dispose of the property unless the court approves the disposition after a hearing.

(4) (a) The power to give any necessary consent to enable the ward or conservatee to receive necessary medical or other professional care, counsel, treatment or service, except that no guardian or conservator may give consent for psychosurgery, electroshock, sterilization or experimental treatment of any kind unless the procedure is first approved by order of the court as provided in this clause. The guardian or conservator shall not consent to any medical care for the ward or conservatee which violates the known conscientious, religious, or moral belief of the ward or conservatee.

(b) A guardian or conservator who believes a procedure described in clause (4)(a) requiring prior court approval to be necessary for the proper care of the ward or conservatee shall petition the court for an order. The court shall fix the time and place for the hearing and shall give notice to the ward or conservatee and to the other persons specified in section 525.55, subdivision 1. The notice shall comply with the requirements of, and be served in the manner provided in section 525.55, subdivision 2. The court shall appoint an attorney to represent the ward or conservatee who is not represented by counsel. In every case the court shall determine if the procedure is in the best interests of the ward or conservatee. In making its determination the court shall consider a written medical report which specifically considers the medical risks of the procedure and whether alternative, less restrictive methods of treatment could be used to protect the best interests of the ward or conservatee.

(c) In the case of a petition for sterilization of a mentally retarded ward or

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

conservatee, the court shall appoint a licensed physician, a psychologist who is qualified in the diagnosis and treatment of mental retardation, and a social worker who is familiar with the ward's or conservatee's social history and adjustment to examine or evaluate the ward or conservatee and to provide written reports to the court. The reports shall indicate whether sterilization is necessary and whether it is in the best interests of the ward or conservatee. The medical report shall specifically consider the medical risks of sterilization and whether alternative methods of contraception could be used to protect the best interests of the ward or conservatee.

(5) The power to approve or withhold approval of any contract, except for necessities, which the ward or conservatee may make or wish to make.

(6) The duty and power to exercise supervisory authority over the ward or conservatee in a manner which limits civil rights and restricts personal freedom only to the extent necessary to provide needed care and services.

Sec. 153. Laws 1986, chapter 394, section 24, is amended to read:

Sec. 24. **EFFECTIVE DATE.** Section 10, subdivision 6, and section 15 are effective the day following final enactment. Sections 1 to 9; 10, subdivisions 1 to 5, 7, and 8; 11 to 14; and 16 to 23 are effective July January 1, 1987 1988.

Sec. 154. **[256.981] TRAINING OF WELFARE FRAUD PROSECUTORS.**

The commissioner of human services shall, to the extent an appropriation is provided for this purpose, contract with the county attorney's council or other public or private entity experienced in providing training for prosecutors to conduct quarterly workshops and seminars focusing on current aid to families with dependent children program issues, other income maintenance program changes, recovery issues, alternative sentencing methods, use of technical aids for interviews and interrogations, and other matters affecting prosecution of welfare fraud cases.

Sec. 155. **[256.982] TRAINING OF WELFARE FRAUD INVESTIGATORS.**

The commissioner of human services shall, to the extent an appropriation is provided for this purpose, establish a pilot project for further education and training of welfare fraud investigators. The commissioner may enter into contractual agreements with other state, federal, or county agencies as part of cooperative projects employing experienced investigators to provide on-the-job training to county investigators.

Sec. 156. **STAFFING.**

A position is established in the assistance payments division, department of human services, to undertake the training initiatives required of the department. This position may also be utilized to assist in fraud control initiatives which the department may undertake.

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

Sec. 157. OIL OVERCHARGE FUNDS.*

Subdivision 1. ALLOCATION OF FUNDS. All money received by the governor, the commissioner of finance or any other state agency, before or after the effective date of this section, as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F.Supp. 586 (D. Kan. 1983) and all other money received after the effective date of this section by any of those entities or agencies, resulting from overcharges by oil companies in violation of federal law, is allocated in the following manner:

(1) Not less than one-half of the oil overcharge funds made available to the state must be used to fund the low-income energy conservation programs administered by the commissioner of jobs and training; and

(2) The remaining oil overcharge money received by the state may be used for any purpose authorized by law or court order pursuant to the plans prepared by the advisory task force and the legislative advisory commission under subdivision 2.

Subd. 2. PLAN DEVELOPMENT; RECOMMENDATIONS. An advisory task force shall be established and shall consist of 15 members. The task force shall include representatives of government, schools and hospitals, non-profit organizations, community groups and individuals interested in low-income weatherization and energy conservation programs and individuals who work with energy-related research. Five members of the task force shall be appointed by the governor, five members shall be appointed by the senate committee on rules and administration, and five members shall be appointed by the speaker of the house of representatives.

The task force shall prepare and recommend to the legislative advisory commission an energy conservation plan that allocates the funds as described in subdivision 1, paragraph (2). The plan must be delivered to the commission within 60 days after all members of the task force have been appointed. The plan must take into consideration programs and activities that will reduce the consumption of fossil fuels within the state, including energy conservation related research.

Within 30 days of receipt of the task force's plan, the commission shall submit a final plan to the governor for the allocation of the funds in subdivision 1, paragraph (2). The commission may amend the task force's plan. The governor shall submit the plan to the United States Department of Energy for its approval. If the plan or any part of it is rejected by the Department of Energy, the plan or rejected part of it must be revised and resubmitted as provided in this section for preparation and submission of the original plan. Funds under subdivision 1, paragraph (2), may be expended only in accordance with a plan or part of it approved by the Department of Energy.

Subd. 3. AUTHORITY. Money received by the state as a result of litigation or settlements of the alleged violations of federal petroleum pricing regulations may not be spent unless specifically appropriated by law.

(* This section was vetoed by the governor.)

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

Sec. 158. LOW-LEVEL IONIZING RADIATION REPORTS.

The commissioner of health shall transmit to the governor and the legislature no later than December 31, 1987, a summary of the major reports on human health effects of low-level ionizing radiation. The reports shall include:

(1) data and risk coefficients relating to ionizing radiation effects of occupational exposure, on human fetuses, and on the general public; and

(2) information on the worldwide effects to the public health of the radioactive emissions resulting from the Chernobyl accident in April 1986.

Sec. 159. MENTAL HEALTH STUDY.

The commissioner of human services shall study the following issues related to the care and treatment of people with mental illness:

(1) the role of involuntary outpatient treatment in providing a continuum of services to people with mental illness, including the following:

(a) people for whom and conditions under which involuntary outpatient treatment may be appropriate, and

(b) scope of services and payment mechanisms available for involuntary outpatient treatment;

(2) the relationship among procedures and purposes of inpatient commitment, outpatient commitment, and private guardianship;

(3) the appropriate use of involuntary medication in the treatment of mental illness;

(4) the role of family members and other interested persons in formulating and monitoring treatment decisions; and

(5) the appropriate role for commitment and other treatment options in protecting the safety and liberty interests of family members and other members of society.

By January 1, 1988, the commissioner shall develop and present to the legislature recommendations regarding involuntary outpatient treatment.

Sec. 160. VETERAN'S NURSING CARE STUDY.

The commissioner of human services, with the assistance of the commissioner of veterans affairs, shall study the possibility of using the resources of the regional treatment centers system to provide care for veterans. The commissioner shall develop recommendations based on the study and report the recommendations to the legislature by January 1, 1988.

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

The study must include an assessment of need for the care, the costs of the care, and the impact of providing the care on treatment center residents. If the commissioner recommends conversion of a specific site, the study must analyze the impact of conversion on residents, employees, and communities affected by the recommendation.

Sec. 161. INPATIENT HOSPITAL RATES STUDY.

The commissioner shall study and develop recommendations regarding alternative payment mechanisms for reimbursing hospitals for inpatient psychiatric care.

Sec. 162. NEGOTIATED RATE FACILITY STUDY.

The commissioner of human services in cooperation with the director of the state planning agency shall study and evaluate the existing system for paying negotiated rate facilities for services provided to residents through the supplemental aid program and report to the legislature by February 1, 1988, on the results of the study and evaluation, including any recommendations for legislative changes in the rate setting system.

Sec. 163. STUDY OF ELDERLY PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.

Subdivision 1. STUDY; REPORT. The commissioner of the department of human services shall study the needs of elderly citizens with mental retardation or related conditions. The study shall include existing programs providing services to this population, including funding and location of services, and the extent to which the services meet the needs of this population.

The study shall be completed in one year. The commissioner shall report to the legislature in 1988 on findings and recommendations, including methods of resolving problems through interagency cooperation.

Subd. 2. ADVICE TO THE COMMISSIONER. In performing the duties of subdivision 1, the commissioner shall seek the advice of the advisory task force established under section 252.31.

Sec. 164. REPEALER.

Subdivision 1. Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdivision 5; 245.69, subdivision 1a; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256D.051, subdivisions 11 and 12; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; and 268.0111, subdivision 3, are repealed. The provision in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 5, paragraph (b), relating to a phase out of the ratable reductions in the general assistance medical care program is repealed effective the day following final enactment. Minnesota Statutes 1986, 256D.051, subdivisions 4 and 5, are repealed effective January 1, 1988. Minnesota Statutes 1986, sections 245.713, subdivisions 1 and 3; and 245.74, are repealed effective July 1, 1988.

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

Sec. 165. EFFECTIVE DATE.

Sections 9 to 12, 61, 62, 81, 88, 90 to 94, are effective the day following final enactment. Sections 30, 31, and 42, are effective July 1, 1988.

ARTICLE 3

Section 1. Minnesota Statutes 1986, section 144.219, is amended to read:

144.219 AMENDMENT OF VITAL RECORDS.

Upon the order of a court of this state, upon the request of a court of another state, or upon the filing of ~~an acknowledgment of paternity~~ a declaration of parentage under section 257.34 with the state registrar or the appropriate court ~~which is not disputed by the mother named on the original birth certificate within a reasonable time after being informed of the filing,~~ a new birth certificate shall be registered consistent with the findings of the court or with the ~~acknowledgment of paternity~~ declaration of parentage.

Sec. 2. Minnesota Statutes 1986, section 256.01, subdivision 2, is amended to read:

Subd. 2. **SPECIFIC POWERS.** Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner.

(2) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(3) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(4) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

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

(5) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(6) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(7) Administer and supervise any additional welfare activities and services as are vested by law in the department.

(8) The commissioner is designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed ~~two~~ four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

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

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to state-wide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs and shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for that program. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

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

Sec. 3. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

Subd. 7. VERIFICATION PROCEDURES. The commissioner shall form an advisory committee of local agency representatives, state officials, and recipients to recommend and implement ways to reduce verification procedures at the local level. The goal of this effort is to treat clients with dignity and expect client honesty. Verification procedures should be reduced to a minimum at the time of application and increased only as needed.

Sec. 4. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 1a. DEFINITIONS. As used in this section and section 22, the following words have the meanings given them:

(a) "AFDC" means aid to families with dependent children.

(b) "AFDC-UP" means that group of AFDC clients who are eligible for assistance by reason of unemployment as defined by the commissioner under section 256.12, subdivision 14.

(c) "Caretaker" means a parent or eligible adult who is part of the assistance unit that has applied for or is receiving AFDC.

(d) "Employment and training services" means programs, activities, and services related to job training and job placement, including job service programs, job training partnership act programs, wage subsidies, remedial and secondary education programs, post-secondary education programs excluding education leading to a post-baccalaureate degree, vocational education programs, work incentive programs, work readiness programs, employment search, community work experience programs, displaced homemaker programs, self-employment programs, grant diversion, employment experience programs, youth employment programs, community investment programs, supported work programs, refugee employment and training programs, and counseling and support activities necessary to stabilize the caretaker or the family.

(e) "Employment and training service provider" means an administrative entity certified by the commissioner of jobs and training to deliver employment and training services under section 268.0122, subdivision 3.

(f) "Minor parent" means a caretaker relative who is the parent of the dependent child or children in the assistance unit and who is under the age of 18.

(g) "Priority groups" or "priority caretakers" means recipients of AFDC or AFDC-UP designated as priorities for employment and training services under subdivision 2a.

(h) "Support services" means programs, activities, and services intended to

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

stabilize families and individuals or provide assistance for family needs related to employment or participation in employment and training services, including child care, transportation, housing assistance, personal and family counseling, crisis intervention services, peer support groups, chemical dependency counseling and treatment, money management assistance, and parenting skill courses.

Sec. 5. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 1b. WORK INCENTIVE SUBSIDIZED HOUSING PROGRAM. Within the limit of available appropriations, employed recipients of aid to families with dependent children who meet eligibility requirements established by the commissioner of human services are eligible for a state housing subsidy as an incentive to seek and retain employment. The commissioner of human services shall adopt rules for the work incentive subsidized housing program using eligibility criteria, subsidy amounts, and an administrative system developed jointly by the commissioner of human services and the commissioner of jobs and training. The rules must:

(1) target recipients who are or are likely to become long-term recipients or who experience substantial barriers to employment;

(2) establish a fixed or sliding scale subsidy amount that will create a significant work incentive yet enable the program to serve the greatest possible number of recipients;

(3) limit the subsidy to persons who become employed while receiving assistance; and

(4) provide for continued subsidy payments for up to one year after termination of assistance to ease the transition from assistance to self-sufficiency.

The program must be coordinated with existing work and training programs and must be designed to maximize savings in the aid to families with dependent children program. The subsidy must be provided as in-kind assistance, and it is not available if it would be considered countable income under state and federal requirements.

Sec. 6. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 2a. PRIORITY GROUPS. (a) Priority for participation in employment and training services under this section must be given to caretakers who:

(1) are under the age of 21;

(2) have not received a high school diploma or general equivalency diploma;
or

(3) have received 24 months or more of AFDC over the last 36 months.

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

(b) Highest priority for participation in employment and training services under this section must be given to caretakers with two or more of the characteristics listed in paragraph (a).

Sec. 7. Minnesota Statutes 1986, section 256.736, subdivision 3, is amended to read:

Subd. 3. **OPERATION OF PROGRAMS REGISTRATION.** To determine who shall be designated as an appropriate individual for certification for employment and training services, the commissioner of jobs and training shall provide, by rule, standards for county boards consistent with the standards promulgated by the secretary of health and human services. County boards shall certify appropriate individuals for employment and training services; shall notify the commissioner of human services; and shall require that every individual certified, as a condition of receiving aid to families with dependent children, register for employment services, training, and employment, unless such individual is: (a) To the extent permissible under federal law, every caretaker or child is required to register for employment and training services, as a condition of receiving AFDC, unless the caretaker or child is:

(1) a child who is under age 16, 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~~ caretaker who is ill, incapacitated or ~~of advanced age~~ age 55 or older;

(3) a ~~person so remote from~~ caretaker for whom participation in an employment and training service and where transportation is not reasonably available that effective participation is precluded would require a round trip commuting time by available transportation of more than two hours;

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

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

(6) a ~~parent or other~~ caretaker if another adult relative in the assistance unit is registered and has not, without good cause, failed or refused to participate or accept employment;

(7) a pregnant woman in the last trimester of pregnancy; or

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

Any individual ~~referred to~~ in clauses (3) and (5) to (8) must be advised of

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

the option to register for any available employment services, and training services, and employment if the individual so desires, and must be informed of the any available child care and other support services available if the individual decides to register.

(b) If, after planning with a recipient a decision is made that the recipient must register for employment services, training, and employment, the county board shall notify the recipient in writing of the need to register for participation in an employment and training service and that the recipient To the extent permissible by federal law, applicants for benefits under the AFDC program are registered for employment and training services by signing the application form. Applicants must be informed that they are registering for employment and training services by signing the form. Persons receiving benefits on the effective date of this section shall register for employment and training services to the extent permissible by federal law. The caretaker has a right to a fair hearing under section 256.045 with respect to the appropriateness of the registration.

Sec. 8. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 3a. PARTICIPATION. Caretakers in priority groups must participate in employment and training services under this section to the extent permissible under federal law. However, no assistance unit may be sanctioned for a caretaker's failure to participate in employment and training services under this section if failure results from inadequate funding for employment and training services.

Sec. 9. Minnesota Statutes 1986, section 256.736, subdivision 4, is amended to read:

Subd. 4. **CONDITIONS OF CERTIFICATION.** The commissioner of human services shall:

(1) Arrange for or provide any ~~relative caretaker~~ or child required to register ~~for participate in~~ employment and training services pursuant to this section with child-care services, transportation, and other necessary family services;

(2) Pay ten percent of the cost of the work incentive program and any other costs that are required of that agency by federal regulation for employment and training services for recipients of aid to families with dependent children;

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

(4) Provide that when it has been certified by the ~~commissioner of jobs and training, certification to be binding upon the commissioner of human services~~

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

county board, that a relative or child certified under caretaker or child required to participate in an employment and training program to the commissioner of jobs and training 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, employment and training service provider to have refused without good cause to participate in appropriate employment and training services or to have refused without good cause to accept a bona fide offer of public or other employment, the county board shall provide that:

(a) If the relative caretaker makes the refusal, the relative's caretaker'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 protective or vendor payments, except that when protective payments are made, the local agency may continue payments to the relative caretaker if a protective payee cannot reasonably be found.

(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 the child's needs will not be taken into account in making the grant determination.

(d) If the assistance unit's eligibility is based on the nonexempt principal earner's unemployment and this 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; if the family is subject to requirements of the work incentive program.

Sec. 10. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 4a. NOTICE AND RIGHT OF APPEAL. If the employment and training service provider determines that the caretaker has failed or refused, without good cause, to cooperate or accept employment, the employment and training service provider shall issue to the caretaker a written notice of its determination of non-cooperation or refusal to accept employment. The notice must include a detailed explanation of the reason for the determination and must specify the consequences for failure or refusal to cooperate or accept employment, the actions which the employment and training service provider believes are necessary for the caretaker to comply with the employment and training program, and the right to request, within ten days of receipt of the notice, a conciliation conference. If the dispute between the employment and training service provider and the caretaker is not resolved in the conciliation conference or a request for a conciliation conference is not made within the required time, then the employment and training service provider shall notify the county board of a caretaker's failure without good cause to cooperate or accept employment. Any determination, action, or inaction on the part of the county board relating to a caretaker's participation under section 256.736 is subject to the notice and hearing procedures in section 256.045, and Code of Federal Regulations, title 45, section 205.10.

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

Sec. 11. Minnesota Statutes 1986, section 256.736, subdivision 6, is amended to read:

Subd. 6. **PROTECTION FROM GARNISHMENT.** Earnings of a ~~recipient~~ caretaker while participating in full or part-time employment or training shall be protected from garnishment. This protection shall extend for a period of six months from the date of termination of a ~~recipient's~~ caretaker's grant of assistance.

Sec. 12. Minnesota Statutes 1986, section 256.736, subdivision 7, is amended to read:

Subd. 7. **RULEMAKING.** The commissioner of human services, in cooperation with the commissioner of jobs and training, may ~~make~~ adopt permanent and emergency rules necessary to qualify for any federal funds available under this section and to carry out this section.

Sec. 13. Minnesota Statutes 1986, section 256.736, subdivision 8, is amended to read:

Subd. 8. **SPECIAL NEEDS.** The commissioner of human services shall amend the state plan for aid to families with dependent children to provide, as special needs payments, money for the costs of child care, transportation, tuition, and items associated with education or seeking employment to the extent allowed under federal regulations and state appropriations. The commissioner of human services, with the assistance of the commissioner of education, shall establish a procedure whereby a governmental entity that pays for child care may contract with a county agency authorized to administer AFDC under sections 393.01, subdivision 7, and 393.07, subdivision 2, to make the child care payments on their behalf to AFDC recipients who are eligible for employment special needs funds. The governmental entity shall reimburse the county agency for the nonfederal share of the payments and administrative costs necessary to carry out the contract. The commissioners of human services and education shall provide information and technical assistance to governmental entities about the availability of special needs payments for child care. Governmental entities that receive state aid for child care through the community social services act, the sliding fee child care program, or other programs, shall request special needs payments for child care provided to AFDC recipients who are potentially eligible for special needs assistance under criteria established by the commissioner of human services.

Sec. 14. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 10. COUNTY DUTIES. To the extent of available state appropriations, county boards shall:

(1) refer all priority caretakers required to register under subdivision 3 to an employment and training service provider for participation in employment and training services;

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

(2) identify to the employment and training service provider caretakers who fall into the priority groups;

(3) provide all caretakers with an orientation which (a) gives information on available employment and training services and support services, and (b) encourages clients to view AFDC as a temporary program providing grants and services to clients who set goals and develop strategies for supporting their families without AFDC assistance;

(4) work with the employment and training service provider to encourage voluntary participation by caretakers in the priority groups;

(5) work with the employment and training service provider to collect data as required by the commissioner;

(6) to the extent permissible under federal law, require all caretakers coming into the AFDC program to attend orientation;

(7) encourage nonpriority caretakers to develop a plan to obtain self-sufficiency;

(8) notify the commissioner of the caretakers required to participate in employment and training services;

(9) inform appropriate caretakers of opportunities available through the head start program and encourage caretakers to have their children screened for enrollment in the program where appropriate;

(10) provide transportation assistance using the employment special needs fund to caretakers who participate in employment and training programs, with priority for services to caretakers in priority groups;

(11) ensure that orientation, employment search, and case management services are made available to appropriate caretakers under this section, except that payment for case management services is governed by subdivision 13; and

(12) explain in its local service unit plan under Minnesota Statutes, section 268.88 how it will ensure that priority caretakers determined to be in need of social services are provided with such social services. The plan must specify how the case manager and the county social service workers will ensure delivery of needed services.

A county board may provide other employment and training services that it considers necessary to help caretakers obtain self-sufficiency.

Sec. 15. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 11. CASE MANAGEMENT SERVICES. (a) For clients described in subdivision 2a, the case manager shall:

(1) Assess the education, skills, and ability of the caretaker to secure and retain a job which, when added to child support, will support the caretaker's family. The case manager must work with the caretaker in completing this task;

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

(2) Set goals and develop a timetable for completing education and employment goals. The case manager must work with the caretaker in completing this task. For caretakers who are not literate or who have not completed high school, the first goal for the caretaker must be to complete literacy training or a general education diploma. Caretakers who are literate and have completed high school shall be counseled to set realistic attainable goals, taking into account the long-term needs of both the caretaker and the caretaker's family;

(3) Coordinate services such as child care, transportation, and education assistance necessary to enable the caretaker to work toward the goals developed in clause (2). When a client needs child care services in order to attend a Minnesota public or nonprofit college, university or technical institute, the case manager shall contact the appropriate agency to reserve child care funds for the client. A caretaker who needs child care services in order to complete high school or a general education diploma is eligible for child care under section 268.91;

(4) Develop, execute, and monitor a contract between the local agency and the caretaker. The contract must include: (a) specific goals of the caretaker including stated measurements of progress toward each goal; (b) specific services provided by the county agency; and (c) conditions under which the county will withdraw the services provided.

The contract may include other terms as desired or needed by either party. In all cases, however, the case manager must ensure that the caretaker has set forth in the contract realistic goals consistent with the ultimate goal of self-sufficiency for the caretaker's family; and

(5) Develop and refer caretakers to counseling or peer group networks for emotional support while participating in work, education, or training.

(b) In addition to the duties in paragraph (a), for minor parents, the case manager shall:

(1) Ensure that the contract developed under paragraph (a)(4) considers all factors set forth in section 257.33, subdivision 2; and

(2) Assess the housing and support systems needed by the caretaker in order to provide the dependent children with adequate parenting. The case manager shall encourage minor parents who are not living with friends or relatives to live in a group home or foster care setting. If minor parents are unwilling to live in a group home or foster care setting or if no group home or foster care setting is available, the case manager shall assess the minor parent's need for training in parenting and independent living skills and shall refer appropriate minor parents to available counseling programs designed to teach needed skills;

(c) A caretaker may request a conciliation conference to attempt to resolve disputes regarding the contents of a contract developed under this section or a housing and support systems assessment conducted under this section. The caretaker may request a hearing pursuant to section 256.045 to dispute the

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

contents of a contract or assessment developed under this section. The caretaker need not request a conciliation conference in order to request a hearing pursuant to section 256.045.

Sec. 16. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 12. CASE MANAGERS. (a) Counties may directly employ case managers if certified as an employment and training service provider under section 268.0122, or may contract for case management services with a certified employment and training service provider. Uncertified counties and contracting agencies may provide case management services only if they demonstrate the ability to coordinate employment, training, education, and support services. The commissioner of jobs and training shall determine whether or not an uncertified county or agency has demonstrated such ability.

(b) Counties that employ case managers must ensure that the case managers have the skills and knowledge necessary to perform the variety of tasks described in subdivision 11. Counties that contract with another agency for case management services must specify in the contract the skills and knowledge needed by the case managers. At a minimum, case managers must:

(1) have a thorough knowledge of training, education, and employment opportunities;

(2) have training or experience in understanding the needs of AFDC clients and their families; and

(3) be able to formulate creative individualized contracts.

Sec. 17. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 13. STATE SHARE. (a) The state must pay 75 percent of costs incurred by counties under subdivision 11, except that after July 1, 1988, the commissioner shall adjust the state share to reflect county performance. Factors which the commissioner may consider in adjusting the state share must include, but are not limited to, the following:

(1) percentage of priority caretakers leaving the AFDC program after one year, two years, and three years;

(2) percentage of minor parents who finish high school; and

(3) percentage of priority caretakers who are in training or education and are successfully working toward their contracted goals.

The commissioner may raise or lower the state share of costs by a maximum of ten percent.

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

(b) If the state appropriation is not sufficient to fund the cost of case management services for all caretakers identified in subdivision 2a, the commissioner must define a statewide subgroup of caretakers which includes all caretakers in subdivision 2a, clause (1) and as many caretakers as possible from subdivision 2a, clauses (2) and (3).

Sec. 18. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 14. EMPLOYMENT SEARCH. (a) The commissioner of human services shall establish an employment search program under United States Code, title 42, section 602(a)(35). The principal wage earner in an AFDC-UP assistance unit must participate in the employment search program within four months of being determined eligible for AFDC-UP unless:

(1) the caretaker is already participating in another approved employment and training service;

(2) the caretaker's employability plan specifies other activities; or

(3) the caretaker is unable to secure employment due to inability to communicate in the English language.

The employment and training service provider shall refer caretakers unable to communicate in the English language to English as a second language courses.

(b) The employment search program must provide the following services:

(1) an initial period of up to four weeks of job search activities for not more than 32 hours per week. The employment and training service provider shall specify for each participating caretaker the number of weeks and hours of job search to be conducted and shall report to the county board if the caretaker fails to cooperate with the employment search requirement; and

(2) an additional period of job search following the first period at the discretion of the employment and training service provider. The total of these two periods of job search may not exceed eight weeks.

(c) The employment search program may provide services to non-AFDC-UP caretakers.

Sec. 19. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 15. REPORTING. The commissioner of human services, in cooperation with the commissioner of jobs and training shall develop reporting requirements for local agencies and employment and training service providers. Reporting requirements must, to the extent possible, use existing client tracking systems and must be within the limits of funds available. The requirements must include summary information necessary for state agencies and the legislature to evaluate the effectiveness of the services.

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

Sec. 20. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 16. ALLOCATION AND USE OF MONEY. (a) State money appropriated for employment and training services under this section must be allocated to counties as follows:

(1) Forty percent of the state money must be allocated based on the average monthly number of caretakers receiving AFDC in the county who are under age 22 and the average monthly number of AFDC cases open in the county for 24 or more consecutive months and residing in the county for the 12-month period ending March 31 of the previous fiscal year.

(2) Twenty percent of the state money must be allocated based on the average monthly number of nonpriority caretakers receiving AFDC in the county for the period ending March 31 of the previous fiscal year. Funds may be used to develop employability plans for nonpriority caretakers if resources allow.

(3) Twenty-five percent of the state money must be allocated based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending March 31 of the previous fiscal year.

(4) Fifteen percent of the state money must be allocated at the discretion of the commissioner based on participation levels for priority group members in each county.

(b) No more than 15 percent of the money allocated under paragraph (a) may be used for administrative activities.

(c) Except as provided in paragraph (d), at least 70 percent of the money allocated to counties must be used for case management services and employment and training services for caretakers in the priority groups. Up to 30 percent of the money may be used for employment search activities and employment and training services for nonpriority caretakers.

(d) A county whose proportion of the statewide average monthly AFDC-UP caseload exceeds its proportion of the statewide AFDC caseload may, with the approval of the commissioner of human services, use up to 40 percent of the money allocated under this section for employment search activities and employment and training services for nonpriority caretakers.

(e) Counties and the department of jobs and training shall bill the commissioner of human services for any expenditures incurred by the county, the county's employment and training service provider, or the department of jobs and training that may be reimbursed by federal money. The commissioner of human services shall bill the United States Department of Health and Human Services for the reimbursement and appropriate the reimbursed money to the county or employment and training service provider that submitted the original bill. The reimbursed money must be used to expand employment and training services.

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

Sec. 21. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 17. PHASE-IN. The commissioner shall implement this section on a statewide basis as quickly as possible. The commissioner may phase in changes under the section in any reasonable manner that ensures a unified, statewide coordinated program by no later than December 31, 1988.

Sec. 22. [256.7365] SPECIAL PROJECTS TO ADDRESS DEPENDENCE ON AFDC.

Subdivision 1. ESTABLISHMENT AND PURPOSE. The commissioner shall establish a grant program for projects to serve AFDC caretakers who have received AFDC for at least 36 months, AFDC caretakers with substantial barriers to employment, or individuals at risk of long-term dependency on AFDC. The projects shall assist individuals to escape or avoid long-term dependency on AFDC.

Subd. 2. DEFINITIONS. For the purpose of this section, the following terms have the meanings given them.

(a) "Substantial barriers to employment" means disabilities, chemical dependency, having children with disabilities, lack of a high school degree, lack of a marketable occupational skill, three or more children, or lack of regular work experience in the previous five years.

(b) "Case management" means case management as defined in subdivision 11.

Subd. 3. APPLICATION. Counties, employment and training service providers, cities, local and state agencies, federally recognized Indian reservations, educational institutions, job training agencies, community-based organizations, displaced homemaker programs, supported work programs, and other nonprofit agencies may apply for grants under this section.

Subd. 4. SELECTION. A committee consisting of the commissioner of human services, the commissioner of jobs and training, and the director of the state board of vocational technical education, or their designees, shall review the project proposals and select projects to receive grants under this section. The first set of projects must be selected by March 1, 1988. At least two projects must be selected that are operated by or in cooperation with tribes or organizations representing ethnic minorities, except that the committee may reject any project proposal that does not meet the design requirements established in subdivision 5.

Subd. 5. PROJECT DESIGN. Projects selected under this section must:

- (1) use existing resources whenever possible;
- (2) serve one of the three groups listed in subdivision 1;

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

(3) meet financial and administrative standards established by the commissioner;

(4) participate in reporting and evaluation requirements as specified by the commissioner; and

(5) provide matching funds, including in-kind matches, but not including income maintenance grants, medical assistance, food stamps, or state job training funds. Preference shall be given to projects which include multi-agency participation or coordination.

Subd. 6. ALLOWABLE EXPENDITURES. (a) Projects may use money received under this section for education, employment, social services, child care, transportation, support services, rehabilitation services, relocation assistance, job development, work experience, on-the-job training, case management, medical services, and other appropriate services.

(b) Projects may use up to 15 percent of the money received under this section for administrative expenses. Administrative expenses do not include expenses for activities in paragraph (a).

(c) The commissioner may establish limits on the use of money for particular purposes or services.

Subd. 7. DEMONSTRATION AND EVALUATION. For the biennium ending June 30, 1989, projects are demonstration projects to test the effectiveness of differing approaches to serving populations with acute needs. The commissioner of human services shall submit to the governor and the legislature a progress report by February 1, 1989, and shall submit subsequent program evaluation reports as part of the biennial plan.

Subd. 8. CONTINUED FUNDING. Projects that received grants for the biennium ending June 30, 1989, and achieve effective results must be given priority for grants in succeeding cycles.

Subd. 9. CARRYOVER AUTHORITY. Money appropriated in one fiscal year may be carried forward into the next year to ensure continuity of services and funding for follow-up services.

Sec. 23. Minnesota Statutes 1986, 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 the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide 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 Number 97-35, section 2315, United States Code, title 42, section 602, as amended

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

and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an assistance unit must be budgeted in the normal retrospective cycle. The number of months of ineligibility is determined by dividing the amount of the lump sum income and all other income, after application of the applicable disregards, by the standard of need for the assistance unit. An amount remaining after this calculation is income in the first month of eligibility. If the total monthly income including the lump sum income is larger than the standard of need for a single month the first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. In making its determination the county agency shall 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 students for gainful employment as well as all the earned income derived from the job training and partnership act (JTPA) for a dependent child for six calendar months per year, together with unearned income derived from the job training and partnership act;

(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;~~

(3) the first \$75 of each individual's earned income. 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;

(5) thirty dollars plus one-third of the remainder of 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 agency shall not disregard under this clause any earned income of any person who has:

(a) reduced 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 earnings without good cause and applied for

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

assistance so as to be able later to 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 human services.

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.

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 clauses (5)(a) to (5)(d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under clause (d), the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer applied to income, the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit; and

(7) that portion of an insurance settlements settlement earmarked and used to pay medical bills; to compensate a member of an assistance unit for partial or permanent loss of function or a body part expenses, funeral and burial costs, or to repair or replace insured property.

The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit shall be paid to the assistance unit within 15 days of after the end of the month in which the collection of such periodic support payments occurred and shall be disregarded in determining the amount of assistance.

Sec. 24. [256.745] SERVICE DELIVERY IMPROVEMENT PILOT PROJECT.

Subdivision 1. STEP. "STEP" means the strive toward excellence program administered by the department of administration.

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

Subd. 2. PILOT PROJECT ESTABLISHED; GOALS. The service delivery improvement project, consisting of six pilot projects selected under subdivision 4, is established to use STEP productivity improvement technology to achieve the following goals: redesign of employment and training and income maintenance delivery systems as required under Laws 1985, First Special Session chapter 14, article 9; and improvement of the quality and cost effectiveness of employment and training and income maintenance services provided to clients.

Subd. 3. COMMITTEE. The commissioner shall establish and select a committee to administer the service delivery improvement project. The committee consists of the commissioner, the commissioner of jobs and training, the commissioner of human services, one member of the senate, one member of the house of representatives, one public member representing the private sector, and other public members considered necessary by the commissioner. The commissioner may reimburse the public members for actual expenses in the same manner and amount as authorized by the commissioner's plan under section 43A.18, subdivision 2.

Subd. 4. DUTIES. The committee shall solicit from local service units or consortia of local service units proposals to conduct innovative pilot projects to redesign the employment and training and income maintenance delivery system. By December 1, 1987, the committee shall evaluate the proposals and select six pilot projects to receive training and technical assistance as provided in subdivision 6.

Subd. 5. EVALUATION. The committee shall evaluate each proposal based upon the extent to which the proposed pilot project uses STEP productivity improvement technology, addresses the goals set forth under subdivision 2, and involves members of the private sector in joint financing of delivery system innovations.

Subd. 6. TRAINING AND TECHNICAL ASSISTANCE. The commissioner shall contract with the department of administration to provide staff training, technical assistance, and detailed periodic reports of the day-to-day operation of a pilot project to affected local service units.

Subd. 7. COOPERATION OF AGENCIES. The commissioner of human services and the commissioner of jobs and training shall cooperate fully with local service units undertaking pilot projects under this section. If requested by a local service unit which has had a pilot project selected under subdivision 4, the commissioner shall reduce, to the extent possible, reporting and other requirements which may be applicable under state law to that pilot project.

Sec. 25. [256.979] CHILD SUPPORT INCENTIVES.

Subdivision 1. INCENTIVE AWARD ACCOUNT. The state share of AFDC child support collections received by the commissioner of human services during fiscal year 1988 in excess of a threshold of \$14,273,000 and during fiscal year

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

1989 in excess of a threshold of \$15,628,000 must be deposited in an incentive award account for nonpublic assistance collections. Money in the incentive award account is appropriated to the commissioner of human services for distribution to counties under this section. This subdivision does not apply to an increase in child support collections that may result from changes in federal law pertaining to the treatment of the first \$50 of periodic support payments collected by the child support enforcement office.

Subd. 2. RATIO DETERMINATION. Using information reported to the commissioner of human services under Title IV-D of the Social Security Act by county agencies responsible for child support enforcement, the commissioner shall determine the cost-benefit ratio for each county on a quarterly basis. The commissioner shall determine the ratio by dividing each county's nonpublic assistance collections by the county child support agency costs. For purposes of this section, collections made on behalf of another county agency in Minnesota shall be identified and counted only by the county agency making the collection.

Subd. 3. PERCENTAGE DETERMINATION. The commissioner shall use the following table to determine the percentage for each county that corresponds to the ratio determined in subdivision 2. The commissioner shall multiply each county agency's quarterly nonpublic assistance collections by the applicable percentage to determine the county agency's nonpublic assistance dollar amount for purposes of this subdivision.

| <u>Ratio*</u> | <u>Percent</u> |
|--------------------|----------------|
| <u>.1 or less</u> | <u>3.0</u> |
| <u>.2</u> | <u>3.5</u> |
| <u>.4</u> | <u>4.0</u> |
| <u>.6</u> | <u>4.5</u> |
| <u>.8</u> | <u>5.0</u> |
| <u>1.0</u> | <u>5.5</u> |
| <u>1.2</u> | <u>6.0</u> |
| <u>1.4</u> | <u>6.5</u> |
| <u>1.6</u> | <u>7.0</u> |
| <u>1.8</u> | <u>7.5</u> |
| <u>2.0</u> | <u>8.0</u> |
| <u>2.2</u> | <u>8.5</u> |
| <u>2.4</u> | <u>9.0</u> |
| <u>2.6</u> | <u>9.5</u> |
| <u>2.8 or more</u> | <u>10.0</u> |

*A county ratio that falls between two listed ratios must be rounded up to the next listed ratio.

Subd. 4. DISTRIBUTION FORMULA. (a) The commissioner shall determine each county child support enforcement agency's share of the state's quarterly incentive award for nonpublic assistance collections according to the formula in paragraph (b). County agencies that do not submit the required report to the commissioner within 30 days after the end of the quarter shall not receive an

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

incentive award under this section and are excluded for purposes of the formula in this subdivision. Within 45 days after the end of the quarter, the commissioner shall inform each county agency of the determinations and pay the determined amount to the county agency. Incentive payments under this section must begin with the quarter ending September 30, 1988.

(b) To determine the county agency's quarterly incentive award, the commissioner shall:

(1) add all county agency quarterly nonpublic assistance dollar amounts as determined in subdivision 3;

(2) divide the state's quarterly nonpublic assistance incentive award by the total obtained in clause (1); and

(3) multiply the quotient obtained in clause (2) by each county agency's quarterly nonpublic assistance dollar amount as determined under subdivision 3.

Sec. 26. Minnesota Statutes 1986, section 256B.37, is amended by adding a subdivision to read:

Subd. 7. 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. 27. Minnesota Statutes 1986, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. STANDARDS. (1) A principal objective in providing general assistance is to provide for persons ineligible for federal programs who are unable to provide for themselves. To achieve these aims, the commissioner shall establish minimum standards of assistance for general assistance. The minimum standard of assistance determines the total amount of the general assistance grant without separate standards for shelter, utilities, or other needs.

For a recipient who is a member of a one-person assistance unit, the standard shall not be less than the combined total of the minimum standards of assistance for shelter and basic needs in effect on February 1, 1983. The standards of assistance shall not be lower for a recipient sharing a residence with another person unless that person is a responsible relative. The standards of assistance for recipients who are members of an assistance unit composed of more than one person must be equal to the aid to families with dependent children standard of assistance for a family of similar size and composition.

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

The standards shall be lowered for recipients who share a residence with a person who is a responsible relative of one or more members of the assistance unit if the responsible relative also receives general assistance or aid to families with dependent children. The standards must also be lowered for recipients who share a residence with a responsible relative if the relative is not receiving general assistance or aid to families with dependent children because the relative has been sanctioned or disqualified. If the responsible relative is receiving general assistance or aid to families with dependent children, or would be receiving them but for sanction or disqualification, then the standard applicable to the general assistance recipient's assistance unit must equal the amount that would be attributable to the members of the assistance unit if the members were included as additional recipients in the responsible relative's general assistance or aid to families with dependent children grant. When determining the amount attributable to members of an assistance unit that must receive a reduced standard, the amount attributed to adults must be the amount attributed to another child added to the responsible relative's assistance unit. When an assistance unit is subject to a reduced standard, the reduced standard must not exceed the standard that applies to an assistance unit that does not share a residence with a responsible relative.

For recipients, except recipients who are eligible under section 256D.05, subdivision 1, paragraph (a); clauses (1), (7), (8), (9), and (14), who share a residence with a responsible relative who is not receiving general assistance or aid to families with dependent children but who receives other income, the standards shall be lowered, subject to these limitations:

(a) The general assistance grant to the one-person assistance unit shall be in an amount such that total household income is equal to the aid to families with dependent children standard for a household of like size and composition, except that the grant shall not exceed that paid to a general assistance recipient living independently.

(b) Benefits received by a responsible relative under the supplemental security income program, the social security retirement program if the relative was receiving benefits under the social security disability program at the time of becoming eligible for the social security retirement program or if the relative is a person described in section 256D.05, subdivision 1, paragraph (a); clause (1), (7), or (9); the social security disability program; a workers' compensation program; the Minnesota supplemental aid program; or on the basis of the relative's disability, must not be included in the household income calculation.

(2) The commissioner shall set the standard of assistance for an assistance unit consisting of an adult recipient who is childless and unmarried or living apart from his or her children and spouse and who does not live with his or her parent or parents or a legal custodian. When the other standards specified in this subdivision increase, this standard shall also be increased by the same percentage.

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

(3) For an assistance unit consisting of an adult who is childless and unmarried or living apart from his or her children and spouse, but who lives with his or her parent or parents, the general assistance standard of assistance shall be equal to the amount that the aid to families with dependent children standard of assistance would increase if the recipient were added as an additional minor child to an assistance unit consisting of the recipient's parent and all of that parent's family members, provided that the standard shall not exceed the standard for a general assistance recipient living alone. Benefits received by a responsible relative of the assistance unit under the supplemental security income program, a workers' compensation program, the Minnesota supplemental aid program, or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the social security retirement program, shall not be counted in the determination of eligibility or benefit level for the assistance unit. An adult child shall be ineligible for general assistance if the available resources or the countable income of the adult child and the parent or parents with whom he or she lives are such that a family consisting of the adult child's parent or parents, the parent or parents' other family members and the adult child as the only or additional minor child would be financially ineligible for general assistance.

(4) For an assistance unit consisting of a married couple who are childless or who live apart from any child or children of whom either of the married couple is a parent or legal custodian, the standards of assistance shall be equal to the first and second adult standards of the aid to families with dependent children program. If one member of the couple is not included in the general assistance grant, then the standard of assistance for the other shall be equal to the second adult standard of the aid to families with dependent children program, except that, when one member of the couple is not included in the general assistance grant because he or she is not categorically eligible for general assistance under section 256D.05, subdivision 1, and has exhausted work readiness eligibility under section 256D.051, subdivision 4 or 5, for the period of time covered by the general assistance grant, then the standard of assistance for the remaining member of the couple shall be equal to the first adult standard of the aid to families with dependent children program.

(5) For an assistance unit consisting of all members of a family, the standards of assistance shall be the same as the standards of assistance applicable to a family under the aid to families with dependent children program if that family had the same number of parents and children as the assistance unit under general assistance and if all members of that family were eligible for the aid to families with dependent children program. If one or more members of the family are not included in the assistance unit for general assistance, the standards of assistance for the remaining members shall be equal to the standards of assistance applicable to an assistance unit composed of the entire family, less the standards of assistance applicable to a family of the same number of parents and children as those members of the family who are not in the assistance unit for general assistance. Notwithstanding the foregoing, if an assistance unit consists solely of the minor children because their parent or parents have been sanc-

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

tioned from receiving benefits from the aid to families with dependent children program, the standard for the assistance unit shall be equal to the special child standard of the aid to families with dependent children program. A child shall not be excluded from the assistance unit unless income intended for its benefit is received from a federally aided categorical assistance program; supplemental security income; retirement, survivors, and disability income; other assistance programs; or child support and maintenance payments. The income of a child who is excluded from the assistance unit shall not be counted in the determination of eligibility or benefit level for the assistance unit.

Sec. 28. Minnesota Statutes 1986, section 256D.02, subdivision 5, is amended to read:

Subd. 5. "Family" means ~~two or more individuals who are related by blood, marriage or adoption; who are living in a place or residence maintained by one or more of them as a home; and at least one of whom is a child who is not married to another of such individuals and is in the care of or dependent upon another of such individuals~~ the following persons who live together: a minor child or a group of minor children related to each other as siblings, half siblings, or stepsiblings, together with their natural or adoptive parents, their stepparents, or their legal custodians, and any other minor children of whom an adult member of the family is a legal custodian.

Sec. 29. Minnesota Statutes 1986, section 256D.02, subdivision 8, is amended to read:

Subd. 8. "Income" means any form of income, including remuneration for services performed as an employee and net earnings from self-employment, reduced by the amount attributable to employment expenses as defined by the commissioner. The amount attributable to employment expenses shall include amounts paid or withheld for federal and state personal income taxes and federal social security taxes.

"Income" includes any payments received as an annuity, retirement, or disability benefit, including veteran's or workers' compensation; old age, survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or other assistance program; rents, dividends, interest and royalties; and support and maintenance payments. Such payments may not be considered as available to meet the needs of any person other than the person for whose benefit they are received, unless that person is under a legal duty to support another a family member or a spouse and the income is not excluded under section 256D.01, subdivision 1a. Goods and services provided in lieu of cash payment shall be excluded from the definition of income, except that payments made for room, board, tuition or fees by a parent, on behalf of a child enrolled as a full-time student in a post-secondary institution, must be included as income.

Sec. 30. Minnesota Statutes 1986, section 256D.03, subdivision 2, is amended to read:

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

Subd. 2. After December 31, 1980, state aid shall be paid to local agencies for 75 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1a, and according to procedures established by the commissioner, except that, after December 31, 1987, state aid is reduced to 65 percent of all general assistance grants if the local agency does not make occupational or vocational literacy training available and accessible to recipients who are eligible for assistance under section 256D.05, subdivision 1, paragraph (a), clause (15).

After December 31, 1986, state aid must be paid to local agencies for 65 percent of work readiness assistance paid under section 256D.051 if the county does not have an approved and operating community investment program.

Any local agency may, from its own resources, make payments of general assistance: (a) at a standard higher than that established by the commissioner without reference to the standards of section 256D.01, subdivision 1; or, (b) to persons not meeting the eligibility standards set forth in section 256D.05, subdivision 1, but for whom the aid would further the purposes established in the general assistance program in accordance with rules promulgated by the commissioner pursuant to the administrative procedure act.

Sec. 31. Minnesota Statutes 1986, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** (a) Each person or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance if the person or family is:

(1) a person who is suffering from a permanent or temporary illness, injury, or incapacity which is medically certified and which prevents the person from obtaining or retaining employment;

(2) a person whose presence in the home on a substantially continuous basis is required because of the certified illness, injury, incapacity, or the age of another member of the household;

(3) a person who has been placed in a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is pursuant to a plan developed or approved by the local agency through its director or designated representative;

(4) a person who resides in a shelter facility described in subdivision 3;

(5) a person who is or may be eligible for displaced homemaker services, programs, or assistance under section 268.96, but only if that person is enrolled as a full-time student;

(6) a person who is unable to secure suitable employment due to inability to

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

communicate in the English language, provided that the person is not an illegal alien, and who, if assigned to a language skills program by the local agency, is participating in that program;

(7) a person not described in clause (1) or (3) who is diagnosed by a licensed physician or licensed consulting psychologist as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(8) a person who has an application pending for the social security disability program or the program of supplemental security income for the aged, blind, and disabled, or who has been terminated from either program and has an appeal from that termination pending;

(9) a person who is unable to obtain or retain employment because advanced age significantly affects the person's ability to seek or engage in substantial work;

(10) a person completing a secondary education program;

(11) a family with one or more minor children; provided that, if all the children are six years of age or older, all the adult members of the family register for and cooperate in the work readiness program under section 256D.051; and provided further that, if one or more of the children are under the age of six and if the family contains more than one adult member, all the adult members except one adult member register for and cooperate in the work readiness program under section 256D.051. The adult members required to register for and cooperate with the work readiness program are not eligible for financial assistance under section 256D.051, except as provided in section 256D.051, subdivision 6, and shall be included in the general assistance grant. If an adult member fails to cooperate with requirements of section 256D.051, the local agency shall not take that member's needs into account in making the grant determination. The time limits of section 256D.051, subdivisions 4 and 5, do not apply to people eligible under this clause;

(12) a person who has substantial barriers to employment, including but not limited to factors relating to work or training history, as determined by the local agency in accordance with permanent or emergency rules adopted by the commissioner after consultation with the commissioner of jobs and training;

(13) a person who is certified by the commissioner of jobs and training before August 1, 1985, as lacking work skills or training or as being unable to obtain work skills or training necessary to secure employment, as defined in a permanent or emergency rule adopted by the commissioner of jobs and training in consultation with the commissioner; ~~or~~

(14) a person who is determined by the local agency, in accordance with emergency and permanent rules adopted by the commissioner, to be functionally illiterate or learning disabled;

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

(15) a person who is determined by the local agency, in accordance with emergency and permanent rules adopted by the commissioner, to be functionally illiterate, provided that the person complies with literacy training requirements set by the local agency under section 32. A person who is terminated for failure to comply with literacy training requirements may not reapply for assistance under this clause for 60 days. The local agency must provide an oral explanation to the person of the person's responsibilities under this clause, the penalties for failure to comply, the agency's duties under section 256D.0505, subdivision 2, and the person's right to appeal (1) at the time an application is approved based on this clause, and (2) at the time the person is referred to literacy training; or

(16) a child under the age of 18 who is not living with a parent, stepparent, or legal custodian, but only if: the child is legally emancipated or living with an adult with the consent of an agency acting as a legal custodian; the child is at least 16 years of age and the general assistance grant is approved by the director of the local agency or a designated representative as a component of a social services case plan for the child; or the child is living with an adult with the consent of the child's legal custodian and the local agency.

(b) The following persons or families with income and resources that are less than the standard of assistance established by the commissioner are eligible for and entitled to a maximum of six months of general assistance during any consecutive 12-month period, after registering with and completing six months in a work readiness program under section 256D.051:

(1) a person who has borderline mental retardation; and

(2) a person who exhibits perceptible symptoms of mental illness as certified by a qualified professional but who is not eligible for general assistance under paragraph (a), because the mental illness interferes with the medical certification process; provided that the person cooperates with social services, treatment, or other plans developed by the local agency to address the illness.

In order to retain eligibility under this paragraph, a recipient must continue to cooperate with work and training requirements as determined by the local agency.

Sec. 32. **[256D.052] LITERACY TRAINING FOR RECIPIENTS.**

Subdivision 1. OCCUPATIONAL AND VOCATIONAL PROGRAMS. The local agency must work with local educational institutions and job training programs in the identification, development, and utilization of occupational and vocational literacy programs for general assistance recipients. Occupational and vocational literacy programs are programs which provide literacy training to adults who lack formal education or job skills. The programs emphasize particular language and reading skills needed for successful job performance.

Subd. 2. ASSESSMENT AND ASSIGNMENT. The local agency must:

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

(1) assess existing reading level, learning disabilities, reading potential, and vocational or occupational interests of people eligible under section 256D.05, subdivision 1, paragraph (a), clause (15);

(2) assign suitable recipients to openings in occupational and vocational literacy programs;

(3) if no openings are available in accessible occupational or vocational literacy programs, assign suitable recipients to openings in other accessible literacy training programs; and

(4) reassign to another accessible literacy program any recipient who does not complete an assigned program and who wishes to try another program.

Subd. 3. SERVICES PROVIDED. The local agency must provide child care and transportation to enable people to participate in literacy training under this section.

Subd. 4. PAYMENT OF GENERAL ASSISTANCE. The local agency must provide assistance under section 256D.05, subdivision 1, paragraph (a), clause (15) to people who:

(1) participate in a literacy program assigned under subdivision 2. To "participate" means to attend regular classes, complete assignments, and make progress toward literacy goals;

(2) despite participation for a period of six months or more, fail to progress in assigned literacy programs;

(3) are not assigned to literacy training because there is no program available or accessible to them; or

(4) have failed for good cause to complete an assigned literacy program.

Subd. 5. REASSESSMENT AND LITERACY REFERRAL. (a) When a person is no longer functionally illiterate under rules adopted by the commissioner or is terminated for failure to comply with literacy training requirements, the local agency must assess the person's eligibility for general assistance under the remaining provisions of section 256D.05, subdivision 1, paragraph (a). The local agency must refer to the work readiness program under section 256D.051 all people not eligible for general assistance.

(b) The local agency may also refer for voluntary work readiness services all recipients who reach a level of literacy that may allow successful participation in job training, provided that the job training does not interfere with a recipient's participation in literacy training. However, referral under this clause does not affect general assistance eligibility.

Subd. 6. RIGHT TO NOTICE AND HEARING. The local agency shall provide notice and opportunity for hearings for adverse actions under this section according to sections 256D.10 and 256D.101.

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

Subd. 7. COSTS. The state shall reimburse local agencies for the costs of providing transportation under this section. Counties must make every effort to ensure that child care is available as needed by recipients who are pursuing literacy training. A recipient who is unable to obtain affordable child care is not required to participate in literacy training.

Counties must identify literacy programs and services available through educational institutions and are required to provide additional services within the limits of available appropriations.

Sec. 33. Minnesota Statutes 1986, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. **WORK REGISTRATION.** A person ~~or~~ or family, or married couple whose income and resources are less than the standard of assistance established by the commissioner, but who are not eligible to receive general assistance under section 256D.05, subdivision 1, are eligible for a work readiness program. Upon registration, a registrant is eligible to receive assistance in an amount equal to general assistance under section 256D.05, subdivision 1, for a maximum of six months during any consecutive 12-month period, subject to ~~subdivisions~~ subdivision 3, 4, and 5. The local agency shall pay work readiness assistance in monthly payments beginning at the time of registration.

Sec. 34. Minnesota Statutes 1986, section 256D.051, subdivision 2, is amended to read:

Subd. 2. **LOCAL AGENCY DUTIES.** (a) The local agency shall provide to registrants under subdivision 1 a work readiness program. The work readiness program must include:

(1) an employability assessment and development plan in which the local agency estimates the length of time it will take the registrant to obtain employment;

(2) referral to available employment assistance programs including the Minnesota employment and economic development program;

(3) a job search program; and

(4) other activities designed by the local agency to prepare the registrant for permanent employment.

In order to allow time for job search, the local agency shall not require an individual to participate in the work readiness program for more than 32 hours a week. The local agency shall require an individual to spend at least eight hours a week in job search or other work readiness program activities.

(b) The local agency may provide a work readiness program to recipients under section 256D.05, subdivision 1, paragraph (b) and shall provide a work readiness program to recipients referred under section 32, subdivision 5, paragraph (b).

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

Sec. 35. Minnesota Statutes 1986, section 256D.051, subdivision 6, is amended to read:

Subd. 6. **LOCAL AGENCY OPTIONS.** The local agency may, at its option, provide up to ~~\$100 per~~ \$200 for each registrant who has completed an employment development plan for direct expenses incurred by the registrant for transportation, clothes, and tools necessary for employment. ~~The local agency may provide an additional \$100 for direct expenses of registrants remaining in the work readiness program for more than two months.~~ After paying direct expenses as needed by individual registrants, the local agency may use any remaining money to provide additional services as needed by any registrant including education, orientation, placement, other work experience, on-the-job training, and other appropriate activities.

Sec. 36. Minnesota Statutes 1986, section 256D.051, is amended by adding a subdivision to read:

Subd. 6a. **COUNTY MATCH AND USE OF FUNDS.** Each county shall provide a 25 percent match for direct participation expenses and administrative costs of providing work readiness services. Funds may be used for the following direct participation expenses: transportation, clothes, tools, and other necessary work-related expenses. Funds may be used for administrative costs incurred providing the following services: employability assessments and employability development plans, employment search assistance, education, orientation, placement, on-the-job training, and other appropriate activities.

Sec. 37. Minnesota Statutes 1986, section 256D.051, subdivision 8, is amended to read:

Subd. 8. **INELIGIBILITY VOLUNTARY QUIT.** ~~A person who is otherwise eligible to receive work readiness assistance under subdivision 1 must be terminated from work readiness assistance on quitting work without good cause, being fired for misconduct, or refusing to accept an offer of suitable employment. A person is not eligible for work readiness payments or services if, without good cause, the person refuses a legitimate offer of suitable employment within 60 days before the date of application. A person who, without good cause, voluntarily quits suitable employment or refuses a legitimate offer of suitable employment while receiving work readiness payments or services shall be disqualified for two months according to rules adopted by the commissioner.~~

Sec. 38. Minnesota Statutes 1986, section 256D.06, subdivision 1, is amended to read:

Subdivision 1. General assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual, married couple, or family, the total amount equals the applicable standard of assistance ~~established by the commissioner~~ for general assistance. In determining eligibility for and the amount of assistance the local agency shall disregard the first \$50 of earned income per month.

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

Sec. 39. Minnesota Statutes 1986, section 256D.06, subdivision 1b, is amended to read:

Subd. 1b. **EARNED INCOME SAVINGS ACCOUNT.** In addition to the \$50 disregard required under subdivision 1, the local agency shall disregard an additional earned income up to a maximum of \$150 per month for persons residing in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 and 9530.2500 to 9530.4000, and for whom discharge and work are part of a treatment plan. The additional amount disregarded must be placed in a separate savings account by the eligible individual, to be used upon discharge from the residential facility into the community. A maximum of \$1,000, including interest, of the money in the savings account must be excluded from the resource limits established by section 256D.08, subdivision 1, clause (1). Amounts in that account in excess of \$1,000 must be applied to the resident's cost of care. If excluded money is removed from the savings account by the eligible individual at any time before the individual is discharged from the facility into the community, the money is income to the individual in the month of receipt and a resource in subsequent months. If an eligible individual moves from a community facility to an inpatient hospital setting, the separate savings account is an excluded asset for up to 18 months. During that time, amounts that accumulate in excess of the \$1,000 savings limit must be applied to the patient's cost of care. If the patient continues to be hospitalized at the conclusion of the 18-month period, the entire account must be applied to the patient's cost of care.

Sec. 40. Minnesota Statutes 1986, section 256D.06, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of subdivision 1, a grant of general assistance shall be made to an eligible individual, married couple, or family for an emergency need, as defined in rules promulgated by the commissioner, where the recipient requests temporary assistance not exceeding 30 days if an emergency situation appears to exist and the individual is ineligible for the program of emergency assistance under aid to families with dependent children and is not a recipient of aid to families with dependent children at the time of application hereunder. If a recipient relates facts to the local agency which may be sufficient to constitute an emergency situation, the local agency shall advise the recipient of the procedure for applying for assistance pursuant to this subdivision.

Sec. 41. Minnesota Statutes 1986, section 256D.08, subdivision 1, is amended to read:

Subdivision 1. In determining eligibility of a family, married couple, or individual there shall be excluded the following resources:

(1) Real or personal property or liquid assets which do not exceed those permitted under the federally aided assistance program known as aid to families with dependent children; and

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

(2) Other property which has been determined, in accordance with and subject to limitations contained in rules promulgated by the commissioner, to be essential to the family or individual as a means of self-support or self-care or which is producing income that is being used for the support of the individual or family. The commissioner shall further provide by rule the conditions for those situations in which property not excluded under this subdivision may be retained by the family or individual where there is a reasonable probability that in the foreseeable future the property will be used for the self-support of the individual or family; and

(3) Payments, made pursuant to litigation and subsequent appropriation by the United States Congress, of funds to compensate members of Indian tribes for the taking of tribal land by the federal government.

Sec. 42. Minnesota Statutes 1986, section 256D.101, is amended to read:

256D.101 FAILURE TO COMPLY WITH WORK REQUIREMENTS; NOTICE.

Subdivision 1. **DISQUALIFICATION.** If the local agency determines that a registrant has failed to comply with the requirements of section 256D.051, the local agency shall notify the registrant of the determination. The notification shall be in writing; and shall state the facts that support the local agency's determination. For the first two times in a six-month period that the registrant has failed without good cause to comply with program requirements, the notification shall specify the particular actions that must be taken by the registrant to achieve compliance; shall state that the recipient must take the specified actions by a date certain, which must be at least ~~45~~ ten days following the date the notification is mailed or delivered to the registrant; shall explain the ramifications of the registrant's failure to take the required actions by the specified date; and shall advise the registrant that the registrant may request and have a conference with the local agency to discuss the notification. A registrant who fails without good cause to comply with requirements of the program more than two times in a six-month period must be notified of termination.

Subd. 2. **NOTICE OF GRANT REDUCTION, SUSPENSION, OR TERMINATION.** ~~No~~ The notice of grant reduction, suspension, or termination on the ground that a registrant has failed to comply with section 256D.051 shall be given mailed or hand delivered by the local agency until the notification required by subdivision 1 has been given; the time for compliance stated in the notification has lapsed; and the local agency has, subsequent concurrently with the notification required by subdivision 1. Prior to giving the notification, assessed the local agency must assess the registrant's eligibility for general assistance under section 256D.05 to the extent possible using information contained in the case file, and determined determine that the registrant is not eligible under that section. The determination that the registrant is not eligible shall be stated in the notice of grant reduction, suspension, or termination.

Subd. 3. **BENEFITS AFTER NOTIFICATION.** Assistance payments otherwise due to the registrant under section 256D.051 shall not be paid after the

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

notification required in subdivision 1 has been provided to the registrant unless, before the date stated in the notification, the registrant takes the specified action necessary to achieve compliance or, within five days after the effective date stated in the notice, files an appeal of the grant reduction, suspension, or termination. If, by the required date, the registrant does take the specified action necessary to achieve compliance, both the notification required by subdivision 1 and the notice required by subdivision 2 shall be canceled and all benefits due to the registrant shall be paid promptly. If, by the required date, the registrant files an appeal of the grant reduction, suspension, or termination, benefits otherwise due to the registrant shall be continued pending the outcome of the appeal.

Sec. 43. Minnesota Statutes 1986, section 256D.15, is amended to read:

256D.15 RELATIVE'S RESPONSIBILITY.

The financial responsibility of a relative for an applicant for or recipient of general assistance or work readiness shall not extend beyond the relationship of a spouse or a parent of an adult child who resides with the parent, or the parent of a minor child regardless of where the minor child resides, or a family member who resides with the applicant or recipient.

Sec. 44. Minnesota Statutes 1986, section 257.33, is amended to read:

257.33 DUTIES OF COMMISSIONER OF HUMAN SERVICES.

Subdivision 1. SERVICES TO PREGNANT WOMEN. It shall be the duty of the commissioner of human services to offer appropriate social services to any pregnant woman who is in need of social services under criteria prescribed by rule of the commissioner. The commissioner shall also offer appropriate social services to the woman and her child after the birth of the child.

Subd. 2. MINOR PARENTS AND THEIR CHILDREN. (a) Every birth to a minor shall be reported by the hospital where the birth occurs, within three working days after the birth. The hospital shall make the report to the ~~commissioner on a form provided by the department of human services~~ county social services agency in the county in which the minor mother resides and shall notify the minor that the report has been made. The county social services agency shall contact any minor mother who does not have a case manager who resides in the county and determine whether she has a plan for herself and her child. The plan must consider:

(1) the age of the minor parent;

(2) the involvement of the minor's parents or of other adults who provide active, ongoing guidance, support, and supervision;

(3) the involvement of the father of the minor's child, including steps being taken to establish paternity, if appropriate;

(4) a decision of the minor to keep and raise her child or place the child for adoption;

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

- (5) completion of high school or GED;
- (6) current economic support of the minor parent and child and plans for economic self-sufficiency;
- (7) parenting skills of the minor parent;
- (8) living arrangement of the minor parent and child;
- (9) child care and transportation needed for education, training, or employment;
- (10) ongoing health care; and
- (11) other services as needed to address personal or family problems or to facilitate the personal growth and development and economic self-sufficiency of the minor parent and child.

(b) If the minor parent does not have a plan for herself and child, the county social services agency shall work with her to develop a plan and shall provide case management services as needed to assure the resources and services are available to meet the plan requirements.

(c) If the minor parent refuses to plan for herself and her child or fails, without good cause, to follow through on an agreed upon plan, the county social services agency may file a petition under section 260.131 seeking an order for protective supervision under section 260.191, subdivision 1, clause (a), on the grounds that the minor parent's child is dependent due to the state of immaturity of the minor parent. A contract with a minor parent under section 256.736, subdivision 11(a)(4) is an "agreed upon plan" for purposes of this section.

Sec. 45. Minnesota Statutes 1986, section 257.34, subdivision 1, is amended to read:

Subdivision 1. **ACKNOWLEDGMENT BY PARENTS.** The mother and father of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born may, in a writing signed by both of them before a notary public, declare and acknowledge under oath that they are the biological parents of the child. The declaration may provide that any such child born to the mother at any time before or up to ten months after the date of execution of the declaration is the biological child of the signatories. Execution of the declaration shall:

(a) have the same consequences as an acknowledgment by the signatories of parentage of the child for the purposes of sections 62A.041 and 62C.14, subdivision 5a;

(b) be conclusive evidence that the signatories are parents of the child for the purposes of sections 176.111 and ~~197.09 to 197.11~~ 197.75 and 197.752;

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

(c) have create a presumption that the same consequences as an acknowledgment by signatory is the biological father of paternity of the child for the purposes of sections ~~257.57 and 257.66~~ 257.51 to 257.74;

(d) when timely filed with the division of vital statistics of the Minnesota department of health as provided in section 259.261, qualify as an affidavit stating the intention of the signatories to retain parental rights as provided in section 259.261 if it contains the information required by section 259.261 or rules promulgated thereunder;

(e) have the same consequences as a writing declaring paternity of the child for the purposes of section 524.2-109; and

(f) be conclusive evidence that the signatories are parents of the child for the purposes of chapter 573.

Sec. 46. Minnesota Statutes 1986, section 257.57, subdivision 2, is amended to read:

Subd. 2. ~~An action to determine the existence or nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, clause (d) or (e) may be brought at any time by~~ The child, the mother or personal representative of the child, the public authority chargeable by law with the support of the child, the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor may bring an action:

(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, clause (d) or (e), or the nonexistence of the father and child relationship presumed under clause (d) of that subdivision; or

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, clause (e) only if the action is brought within three years after the date of the execution of the declaration.

Sec. 47. Minnesota Statutes 1986, section 257.60, is amended to read:

257.60 PARTIES.

The child may be made a party to the action. If the child is a minor and is made a party, a general guardian or a guardian ad litem shall be appointed by the court to represent the child. The child's mother or father may not represent the child as guardian or otherwise. ~~If the child is a minor and the case involves a compromise under section 257.64, subdivision 1 or a lump sum payment under section 257.66, subdivision 4, the child and the commissioner of human services shall each be made a party before the court approves a compromise or orders a lump sum payment.~~ The natural biological mother, each man pre-

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

sumed to be the father under section 257.55, and each man alleged to be the ~~natural~~ biological father, shall be made parties or, if not subject to the jurisdiction of the court, shall be given notice of the action in a manner prescribed by the court and shall be given an opportunity to be heard. The public agency responsible for support enforcement is joined as a party in each case in which rights are assigned under section 256.74, subdivision 5. A person who may bring an action under section 257.57 may be made a party to the action. The court may align the parties. The child shall be made a party whenever:

(1) the child is a minor and the case involves a compromise under section 257.64, subdivision 1, or a lump sum payment under section 257.66, subdivision 4, in which case the commissioner of human services shall also be made a party; or

(2) the child is a minor and the action is to declare the nonexistence of the father and child relationship; or

(3) an action to declare the existence of the father and child relationship is brought by a man presumed to be the father under section 257.55, or a man who alleges to be the father, and the mother of the child denies the existence of the father and child relationship.

Sec. 48. Minnesota Statutes 1986, section 257.62, is amended by adding a subdivision to read:

Subd. 6. TESTS, EVIDENCE ADMISSIBLE. In any hearing brought under subdivision 5, a certified report of the facts and results of a laboratory analysis or examination of blood or genetic tests, that is performed in a laboratory accredited to meet the Standards for Parentage Testing of the American Association of Blood Banks and is prepared and attested by a qualified expert appointed by the court, shall be admissible in evidence without proof of the seal, signature, or official character of the person whose name is signed to it, unless a demand is made by a party in a motion or responsive motion made within the time limit for making and filing a responsive motion that the matter be heard on oral testimony before the court.

Sec. 49. Minnesota Statutes 1986, section 257.63, subdivision 2, is amended to read:

Subd. 2. Upon refusal of a witness, including a party, to testify under oath or produce evidence, the court may order the party to testify under oath and produce evidence concerning all relevant facts. If the refusal is upon the grounds that the No testimony or evidence might tend to incriminate the party, the court may grant the party immunity from all criminal liability on account of the testimony or evidence the party is required to produce. An other information compelled under the order granting immunity bars prosecution of, or any information directly or indirectly derived from such testimony or other information, may be used against the witness for any offense shown, in whole or in part, by testimony or evidence which the party is required to produce any criminal case,

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

except for perjury committed in the testimony. The refusal of a witness, who has been granted immunity, to obey an order to testify or produce evidence is subject to the sanctions within the jurisdiction of the court.

Sec. 50. Minnesota Statutes 1986, section 268.0122, subdivision 3, is amended to read:

Subd. 3. **DUTIES AS A STATE AGENCY.** The commissioner shall:

- (1) administer the unemployment insurance laws and related programs;
- (2) administer the aspects of aid to families with dependent children, general assistance, work readiness, and food stamps that relate to employment and training services, subject to the limitations of federal regulations contract under section 268.86, subdivision 2;
- (3) administer wage subsidies and ~~recommend to the coordinator the use of the discretionary portion of wage subsidy appropriations~~ the discretionary employment and training fund;
- (4) administer a national system of public employment offices as prescribed by United States Code, title 29, chapter 4B, the Wagner-Peyser Act, and other federal employment and training programs;
- (5) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;
- (6) enter into agreements with other departments of the state and local units of government as necessary;
- (7) certify ~~competent~~ employment and training service providers; ~~with the concurrence of the coordinator;~~ and decertify service providers that fail to comply with performance criteria according to standards established by the ~~coordinator~~ commissioner;
- (8) provide consistent, integrated employment and training services across the state;
- (9) establish the standards for all employment and training services administered under this chapter;
- (10) develop standards for the contents and structure of the ~~county~~ local service unit plans;
- (11) provide current state and substate labor market information and forecasts, in cooperation with other agencies;
- (12) ~~prepare a plan and submit it to the coordinator in each even-numbered year; according to standards established by the coordinator; for use in developing a statewide employment and training plan;~~

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

~~(13)~~ (12) identify underserved populations, unmet service needs, and funding requirements;

(14) ~~(13)~~ consult with the council for the blind on matters pertaining to programs and services for the blind and visually impaired; and

~~(15)~~ (14) submit to the governor, the coordinator, the commissioners of human services and finance, and the chairs of the senate finance and house appropriations committees a semiannual report that:

(a) reports, by client classification, an unduplicated count of the kinds and number of services furnished through each program administered or supervised by the department or coordinated with it;

(b) reports on the number of job openings listed, developed, available, and obtained by clients;

(c) identifies the number of cooperative agreements in place, the number of individuals being served, and the kinds of service provided them;

(d) evaluates the performance of services, such as wage subsidies, community investments, work readiness, and grant diversions; and

(e) explains the effects of current employment levels, unemployment rates, and program performance on the unemployment insurance fund and general assistance, work readiness, and aid to families with dependent children caseloads and program expenditures.

Sec. 51. Minnesota Statutes 1986, section 268.85, subdivision 2, is amended to read:

Subd. 2. **ORDER OF PRIORITY.** (a) The priority for services to be provided is:

(1) permanent, unsubsidized, full-time private or nonprofit sector employment and, where possible, in conjunction with targeted jobs tax credits as defined at United States Code, title 26, section 44B, as amended by Public Law Number 98-369, with highest priority to employment with paid medical benefits;

(2) permanent, subsidized, full-time private sector employment;

(3) permanent, subsidized, full-time nonprofit sector employment;

(4) training;

(5) relocation, except that relocation is considered only when a client can find affordable housing near the new location; and

(6) part-time, subsidized, nonprofit, or public employment with continued employment assistance.

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

(b) Individuals receiving any of the priority services in paragraph (a) must be provided with child care, transportation, or other support services as necessary and in relation to their eligibility and the availability of funds.

(c) In delivering employment and training services, local service units shall distribute their available resources in a manner that provides greater incentives to clients in permanent private or nonprofit sector employment than in public sector jobs.

Sec. 52. Minnesota Statutes 1986, section 268.86, subdivision 1, is amended to read:

Subdivision 1. **DEVELOPMENT DISCRETIONARY PROGRAMS.** The commissioner ~~shall~~ may develop and administer discretionary employment and training services programs to assist appropriate recipients of public assistance and unemployed and underemployed persons eligible to receive wage subsidies to become economically independent. The services must have as their objective the improvement of clients' opportunities for economic independence through permanent employment. The services must provide sufficient employment and training options to allow local service units to effectively meet the support services, educational, and training needs of their public assistance and wage subsidy clients. programs may include on-the-job training, wage subsidies, classroom training, relocation expenses, temporary cash assistance for persons in training, and support services.

Sec. 53. Minnesota Statutes 1986, section 268.86, subdivision 2, is amended to read:

Subd. 2. **ADMINISTRATION INTERAGENCY AGREEMENTS.** ~~Under agreements necessary to comply with federal regulations; By October 1, 1987, the commissioner, on behalf of and the commissioner of human services; shall administer enter into a written contract for the design, delivery, and administration of employment and training services for applicants for or recipients of food stamps or aid to families with dependent children and food stamps. The commissioner shall administer employment and training services for general assistance and work readiness recipients in consultation with the commissioner of human services, including AFDC employment and training programs, grant diversion, and supported work. The contract must be approved by the coordinator and must address:~~

- (1) specific roles and responsibilities of each department;
- (2) assignment and supervision of staff for interagency activities including any necessary interagency employee mobility agreements under the administrative procedures of the department of employee relations;
- (3) mechanisms for determining the conditions under which individuals participate in services, their rights and responsibilities while participating, and the standards by which the services must be administered;

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

(4) procedures for providing technical assistance to local service units and employment and training service providers;

(5) access to appropriate staff for ongoing development and interpretation of policy, rules, and program standards;

(6) procedures for reimbursing appropriate agencies for administrative expenses;
and

(7) procedures for accessing available federal funds.

Sec. 54. Minnesota Statutes 1986, section 268.86, subdivision 4, is amended to read:

Subd. 4. **EMPLOYABILITY PLANS.** The commissioner shall require that a public assistance recipient's employment status is appraised within 30 days and that a written employability plan is prepared for appropriate public assistance recipients in consultation with the recipients. The plan must take into account the level of skill and education of the recipient, as measured against the existing market, the length of time the recipient has been absent from the work force, and the recipient's financial responsibility to a family, if any. The plan must be designed to help the recipient obtain suitable employment, or training and work skills necessary to secure suitable employment, and may include an arrangement with another service provider or agency for specialized employment, education, training, or support services. A copy of the plan must be given to the recipient at the time it is prepared; an additional copy must be given to the local agency for its files.

Sec. 55. Minnesota Statutes 1986, section 268.871, subdivision 1, is amended to read:

Subdivision 1. **RESPONSIBILITY AND CERTIFICATION.** Unless prohibited by federal law or otherwise determined by state law or the coordinator, a local service unit is responsible for the delivery of employment and training services. After February 1, ~~1986~~ 1988, employment and training services must be delivered by ~~public, nonprofit, or private service providers that are certified to provide the services~~ employment and training service providers.

Sec. 56. Minnesota Statutes 1986, section 268.871, subdivision 2, is amended to read:

Subd. 2. **CONTRACTING PREFERENCE.** In contracting, a local service unit must give preference, whenever possible, to existing certified employment and training service providers including the job service, opportunities industrialization centers, displaced homemaker providers, work incentive providers, Minnesota employment and economic development act providers, post-secondary educational institutions, and job training partnership act programs that can effectively coordinate federal, state, and local employment and training services; that can maximize use of available federal and other nonstate funds; and that have demonstrated the ability to serve public assistance clients as well as other unemployed people.

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

Sec. 57. Minnesota Statutes 1986, section 268.871, is amended by adding a subdivision to read:

Subd. 5. REPORTS. Each employment and training service provider under contract with a local service unit to deliver employment and training services must submit an annual report by March 1 to the local service unit. The report must specify:

(1) the types of services provided;

(2) the number of priority and nonpriority AFDC recipients served, the number of work readiness assistance recipients served, and the number of other clients served;

(3) how resources will be prioritized to serve priority and nonpriority public assistance recipients and other clients; and

(4) the manner in which state employment and training funds and programs are being coordinated with federal and local employment and training funds and programs.

Sec. 58. Minnesota Statutes 1986, section 268.88, is amended to read:

268.88 LOCAL SERVICE UNIT PLANS.

(a) Local service units shall prepare and submit to the commissioner by ~~October~~ April 15 of each year an annual plan for the subsequent calendar year. The commissioner shall notify each local service unit by ~~December~~ May 1 of each year if its plan has been approved or disapproved. The plan must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies and programs that will be used to achieve these goals;

(3) a statement of whether the goals from the preceding year were met and an explanation if the local service unit failed to meet the goals;

(4) the amount proposed to be allocated to each employment and training service;

(5) the proposed types of employment and training services the local service unit plans to utilize;

(6) a description of how the local service unit will use funds provided under section 256.736 to meet the requirements of that section. The description must include what services will be provided, number of clients served, per service expenditures, and projected outcomes;

~~(6)~~ (7) a report on the use of wage subsidies, grant diversions, community

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

investment programs, sliding fee day care, and other services administered under this chapter;

~~(7)~~ (8) an annual update of the community investment program plan according to standards established by the commissioner; ~~and~~

~~(8)~~ (9) a performance review of the employment and training service providers delivering employment and training services for the local service unit; and

(10) a copy of any contract between the local service unit and an employment and training service provider including expected outcomes and service levels for public assistance clients.

(b) In counties with a city of the first class, the county and the city shall develop and submit a joint plan. The plan may not be submitted until agreed to by both the city and the county. The plan must provide for the direct allocation of employment and training money to the city and the county unless waived by either. If the county and the city cannot concur on a plan, the coordinator shall resolve their dispute.

(c) The commissioner may withhold the distribution of employment and training money from a local service unit that does not submit a plan to the commissioner by the date set by this section, and shall withhold the distribution of employment and training money from a local service unit whose plan has been disapproved by the coordinator until an acceptable amended plan has been submitted.

~~(d) For 1985 1987, local service unit plans must be submitted by November 1, 1985 and must include:~~ October 1, 1987. The plan must include the implementation plan for aid to families with dependent children employment and training services as required under section 90.

~~(1) a statement of objectives for the employment and training services the local service unit administers;~~

~~(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;~~

~~(3) the amount proposed to be allocated to each employment and training service;~~

~~(4) the proposed employment and training services and service providers the local service unit plans to utilize; and~~

~~(5) a statement of intent regarding the establishment of either a community investment program or an employment experience program.~~

If the local service unit provides a statement of intent for the establishment of a community investment program under clause (5), the local service unit must submit a preliminary community investment program plan by February 1, 1986.

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

Sec. 59. Minnesota Statutes 1986, section 268.91, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section the following terms have the meanings given.

(a) "Child care services" means child care provided in family day care homes, group day care homes, nursery schools, day nurseries, child day care centers, play groups, head start, and parent cooperatives, and in-home child care as defined in the Minnesota plan for social services to families and children or in the child's home.

(b) "Child" means a person 14 12 years old or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

(c) "Commissioner" means the commissioner of jobs and training human services.

(d) "Child care" means the care of a child by someone other than a parent or legal guardian in or outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

(e) "County board" means the board of county commissioners in each county.

(f) "Education program" means remedial or basic education or English as a second language instruction, high school education, a program leading to a general equivalency diploma, and post-secondary education excluding post-baccalaureate programs.

(g) "Employment program" means employment of recipients financially eligible for the child care sliding fee program, vocational assessment, and job readiness and job search activities.

(h) "Human services board" means a board established under section 402.02, Laws 1974, chapter 293, or Laws 1976, chapter 340.

(i) "Provider" means the child care license holder or the legal nonlicensed caregiver who operates a family day care home, a group family day care home, a day care center, a nursery school, or a day nursery, or who functions in the child's home.

(j) "Post-secondary educational systems" means the University of Minnesota board of regents, the state university board, the state board for community colleges, and the state board of vocational technical education.

(k) "AFDC priority groups" means the recipients defined in section 256.736, subdivision 2a.

(l) "AFDC" means aid to families with dependent children.

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

Sec. 60. Minnesota Statutes 1986, section 268.91, subdivision 2, is amended to read:

Subd. 2. **DUTIES OF COMMISSIONER.** The commissioner shall develop standards for county and human services boards, and post-secondary educational systems, to provide child care services to enable eligible families to participate in employment ~~or~~ training, or education programs. The commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. ~~The commissioner shall require counties to collect and report data that the commissioner deems necessary to evaluate the effectiveness of the program in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children. The commissioner shall report to the full productivity and opportunity coordinator in each even-numbered year on the effectiveness of the program.~~ The commissioner shall maximize the use of federal money under the AFDC employment special needs program in section 256.736, subdivision 8, for recipients of aid to families with dependent children who are in education, training, job search, or other activities allowed under that program. Money appropriated under this section must be coordinated with the AFDC employment special needs program to accomplish this purpose. Federal reimbursement obtained must be allocated to the county that spent money for child care that is federally reimbursable under the AFDC employment special needs program. The counties shall use the federal money to expand services to AFDC recipients under this section.

Sec. 61. Minnesota Statutes 1986, section 268.91, subdivision 3, is amended to read:

Subd. 3. **ALLOCATION.** (a) By June 1 of each odd-numbered year, the commissioner shall notify all county and human services boards and post-secondary educational systems of ~~the~~ their allocation ~~and the procedures used for the sliding fee program.~~ Allocations must be made by July 1 of each odd-numbered year. If the appropriation is insufficient to meet the needs in all counties, the amount must be prorated among the counties.

(b) ~~For the purposes of this section~~ Except for set-aside money allocated under subdivisions 3a, 3b, 3c, and 3d, the commissioner shall allocate money appropriated between the metropolitan area, comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the area outside the metropolitan area so that no more than 55 percent of the total appropriation goes to either area after excluding allocations for statewide administrative costs. The commissioner shall allocate 50 percent of the money among counties on the basis of the number of families below the poverty level, as determined from the most recent special census, and 50 percent on the basis of caseloads of aid to families with dependent children for the preceding fiscal year, as determined by the commissioner of human services.

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

(c) Once each quarter, the commissioner shall review the use of child care fund allocations by county. In accordance with the formula found in paragraph (b), the commissioner may reallocate unexpended or unencumbered money among those counties who have expended their full portion. Any unexpended money from the first year of the biennium may be carried forward to the second year of the biennium.

Sec. 62. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3a. SET-ASIDE MONEY. (a) State money must be set aside by the commissioner for child care services for:

(1) AFDC priority groups;

(2) recipients of AFDC attending post-secondary education programs, excluding post-baccalaureate programs; and

(3) students attending post-secondary education programs, excluding post-baccalaureate programs, who meet sliding fee program eligibility standards.

(b) The set-aside amount must be determined by the commissioner and must not exceed 52 percent of the total funds appropriated. Of the set-aside amount, 44 percent must be allocated for persons described in paragraph (a), clause (1); 40 percent must be allocated for persons described in paragraph (a), clause (2); and 16 percent must be allocated for persons described in paragraph (a), clause (3).

Sec. 63. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3b. SET-ASIDE MONEY FOR AFDC PRIORITY GROUPS. (a) Set-aside money for AFDC priority groups must be allocated among the counties based on the average monthly number of caretakers receiving AFDC under the age of 22 and the average monthly number of AFDC cases open 24 or more consecutive months. For each fiscal year the average monthly caseload shall be based on the 12-month period ending March 31 of the previous fiscal year. The commissioner may reallocate quarterly unexpended or unencumbered set-aside money to counties that expend their full allocation. The county shall use the set-aside money for AFDC priority groups.

(b) The county shall develop cooperative agreements with the employment and training service provider for coordination of child care funding with employment, training, and education programs for aid to families with dependent children priority groups. The cooperative agreement shall specify that individuals receiving employment, training, and education services under an employability plan from the employment and training service provider shall, as resources permit, be guaranteed set-aside money for child care assistance from the county of their residence.

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

(c) Counties may contract for administration of the program or may arrange for or contract for child care funds to be used by other appropriate programs, in accordance with this section and as permitted by federal law and regulations.

(d) If the commissioner finds, on or after January 1 of a fiscal year, that set-aside money for AFDC priority groups is not being fully utilized, the commissioner may permit counties to use set-aside money for other eligible applicants, as long as priority for use of the money will continue to be given to the AFDC priority groups.

(e) A county may claim federal reimbursement under the AFDC special needs program for money spent for persons listed in subdivision 3a, clause (1). The commissioner shall allocate any federal earnings to the county. The county shall use the money to expand services to AFDC recipients under the child care sliding fee program.

Sec. 64. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3c. SET-ASIDE MONEY FOR AFDC POST-SECONDARY STUDENTS. (a) For the fiscal year ending June 30, 1988, set-aside money for persons listed in subdivision 3a, clause (2), shall be allocated to the counties based on caseloads of aid to families with dependent children for the preceding fiscal year, as determined by the commissioner. For succeeding fiscal years, the commissioner shall, in cooperation with the director of the higher education coordinating board, develop a formula for allocation of the funds to counties based on the number of AFDC caretakers in each county who are enrolled at post-secondary institutions.

(b) Money allocated in paragraph (a) must be used for child care expenses of AFDC recipients attending post-secondary educational programs, excluding post-baccalaureate programs, and making satisfactory progress towards completion of the program.

(c) Once each quarter the commissioner shall review the use of child care fund allocations under this subdivision by county. The commissioner may reallocate unexpended or unencumbered money among those counties that have expended their full portion for the purposes of this subdivision.

(d) A county may claim federal reimbursement under the AFDC special needs program for money spent for persons listed in subdivision 3a, clause (2). The commissioner shall allocate any federal earnings to the county. The county shall use the money to expand services to AFDC recipients under the child care sliding fee program.

(e) Recipients of AFDC who have completed their post-secondary education and had received child care funds during that education shall be assured, to the extent of available resources, of sliding fee money for employment programs after graduation if they meet sliding fee program eligibility standards.

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

Sec. 65. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3d. SET-ASIDE MONEY FOR POST-SECONDARY STUDENTS.

(a) Each post-secondary educational system shall be allocated a portion of the set-aside money for persons listed in subdivision 3a, clause (3), based on the number of students with dependent children enrolled in each system in the preceding fiscal year. The post-secondary educational systems shall allocate their money among institutions under their authority based on the number of students with dependent children enrolled in each institution in the last fiscal year. For the purposes of this subdivision, "students with dependent children" means the sum of all Minnesota residents enrolled in public post-secondary institutions who report dependents on their applications to the state scholarship and grant program. The commissioner shall transfer the allocation for each post-secondary institution to the county board of the county in which the institution is located, to be held in an account for students found eligible for child care sliding fee assistance and attending the institution.

(b) Post-secondary educational institutions shall take applications for the child care sliding fee program from students and determine eligibility based on this section and rules promulgated by the commissioner. If a person is eligible for the child care sliding fee program, the post-secondary institution shall notify the county. The county shall process the person's application and make vendor payments to the person's child care provider from the institution's account. Set-aside money must be used to subsidize child care expenses for eligible students making satisfactory progress toward completion of a program. The post-secondary institution must provide the county with quarterly reports on students' progress. The post-secondary educational institution shall not approve applications for sliding fee assistance in excess of the set-aside money allocated to it under paragraph (a).

(c) The post-secondary educational systems may reallocate unexpended or unencumbered money among institutions under their authority. If by May 15 of any year set-aside money is unexpended or unencumbered, the commissioner may reallocate the money among post-secondary educational systems, or reallocate it to the counties. Any unexpended money from the first year of the biennium may be carried forward to the second year of the biennium.

(d) Ten percent of the amount allocated for persons described in subdivision 3a, paragraph (a), clause (3), shall be held by the commissioner for students attending a Minnesota nonprofit post-secondary education program. A nonprofit education program may take applications for the child care sliding fee program and determine eligibility based on this section and rules promulgated by the commissioner. If a person is eligible for the child care sliding fee program, the post-secondary institution shall notify the county in which the institution is located. The county shall process the person's application and, upon approval of the commissioner, make vendor payments to the person's child care provider. The commissioner shall reimburse counties out of the money held by the commissioner under this paragraph.

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

Sec. 66. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3e. USE OF MONEY. Money for persons listed in subdivision 3a, clauses (2) and (3), shall be used to reduce the costs of child care for students, including the costs of child care for students while employed if enrolled in an eligible education program at the same time and making satisfactory progress towards completion of the program. The county may plan for and provided child care assistance to persons listed in subdivision 3a, clauses (2) and (3), from the regular sliding fee fund to supplement the set-aside funds. Students provided child care assistance for one academic year shall be provided child care assistance in the following academic year, providing they remain financially eligible.

Sec. 67. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3f. REPORTING AND PAYMENTS. (a) Counties and post-secondary educational systems shall submit on forms prescribed by the commissioner a quarterly financial and program activity report which is due 20 calendar days after the end of each quarter. The financial and program activity report must include:

(1) a detailed accounting of the expenditures and revenues for the program during the preceding quarter by funding source and by eligibility group;

(2) a description of activities and concomitant expenditures that are federally reimbursable under the AFDC employment special needs program;

(3) a description of activities and concomitant expenditures of set-aside money;

(4) information on money encumbered at the quarter's end but not yet reimbursable, for use in adjusting allocations as provided in subdivision 3b, paragraph (d); subdivision 3c, paragraph (c); and subdivision 3d, paragraph (c); and

(5) other data the commissioner considers necessary to account for the program or to evaluate its effectiveness in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children.

(b) The commissioner shall make payments to each county in quarterly installments. The commissioner may certify an advance for the first quarter of the fiscal year. Later payments must be based on actual expenditures as reported in the quarterly financial and program activity report.

(c) The commissioner may withhold, reduce, or terminate the allocation of any county or post-secondary educational system that does not meet the reporting or other requirements of this program. The commissioner shall reallocate to

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

other counties or post-secondary educational systems money so reduced or terminated.

Sec. 68. Minnesota Statutes 1986, section 268.91, subdivision 4, is amended to read:

Subd. 4. **FINANCIAL ELIGIBILITY.** (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

- (1) receive aid to families with dependent children;
- (2) have household income below the eligibility levels for aid to families with dependent children; or
- (3) have household income within a range established by the commissioner.

(b) Child care services for the families receiving aid to families with dependent children must be made available as in-kind services, to cover any difference between the actual cost and the amount disregarded under the aid to families with dependent children program. Child care services to families whose incomes are below the threshold of eligibility for aid to families with dependent children, but that are not receiving aid to families with dependent children, must be made available without cost to the families.

(c) Child care services to families with incomes in the commissioner's established range must be made available on a sliding fee basis. The lower limit of the sliding fee range must be the eligibility limit for aid to families with dependent children. The upper limit of the range must be neither less than 70 percent nor more than 90 percent of the state median income for a family of four, adjusted for family size.

(d) If a disproportionate amount of the available money is provided to any one of the groups described in subdivision 4, paragraph (a), the county board shall document to the commissioner the reason the group received a disproportionate share. If a county projects that its child care allocation is insufficient to meet the needs of all eligible groups, it may prioritize among the groups to be served. Counties shall assure that a person receiving child care assistance from the sliding fee program prior to July 1, 1987, continues to receive assistance, providing the person meets all other eligibility criteria. Set-aside money must be prioritized by the state, and counties do not have discretion over the use of this money.

Sec. 69. Minnesota Statutes 1986, section 268.91, subdivision 5, is amended to read:

Subd. 5. **EMPLOYMENT OR TRAINING ELIGIBILITY.** (a) Persons who are seeking employment and who are eligible for assistance under this section are eligible to receive the equivalent of one month of child care. Employed persons who work at least ten hours a week and receive at least a minimum wage for all hours worked are eligible for child care assistance.

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

(b) Persons eligible under this section for child care assistance for education or training must receive assistance for the length of the program or 24 months, whichever is shorter. An education or training program with demonstrated effectiveness may be approved by the commissioner of education and accredited by the appropriate agency as an eligible program including high school or an equivalent program; an English competency program; technical or vocational training; or a four-year or associate degree program participating in employment programs, training programs, or education programs are eligible for assistance from the child care sliding fee program, if they are financially eligible under the sliding fee scale set by the commissioner in subdivision 7. Counties shall assure that a person receiving child care assistance from the sliding fee program while attending a post-secondary institution prior to July 1, 1987, continues to receive assistance from the regular sliding fee program, or the set-asides in subdivisions 3c or 3d, providing the person meets all other eligibility criteria.

Sec. 70. Minnesota Statutes 1986, section 268.91, subdivision 6, is amended to read:

Subd. 6. **COUNTY CONTRIBUTION.** (a) In addition to payments from parents, the program must be funded by county contributions. Except for set-aside money, counties shall contribute five from county tax sources a minimum of 15 percent of the cost of the program in the program's first year and 15 percent in the second and subsequent years. The commissioner may require by rule that a county pay the commissioner the portion of sliding fee allocations paid by the state for which the county is responsible. The county shall advance its portion of sliding fee costs, based upon allocations made by the commissioner for that county for expenditures in the succeeding month. A The commissioner shall recover from the county as necessary to bring county expenditures into compliance with this subdivision.

(b) The commissioner shall recover from counties any state or federal money found to be ineligible. If a federal audit exception is taken based on a percentage of federal earnings, all counties shall pay a share proportional to their respective federal earnings during the period in question.

(c) To receive money through this program, each county shall certify to the commissioner that the county has not reduced allocations from other federal, state, and county sources, which, in the absence of child care sliding fee or wage subsidy money, would have been available for child care services.

Sec. 71. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 6a. **POST-SECONDARY RESPONSIBILITY.** To receive money through this program, each post-secondary educational system shall certify to the commissioner that the system has not reduced allocations from other federal and state sources, which, in the absence of child care sliding fee money, would have been available for child care services.

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

Sec. 72. Minnesota Statutes 1986, section 268.91, subdivision 11, is amended to read:

Subd. 11. **ADMINISTRATIVE EXPENSES.** A county must not use more than seven percent of its allocation for its administrative expenses under this section, except a county may not use any of its allocation of the set-aside funds under subdivisions 3b and 3c for administrative expenses. A county may use up to four percent of the funds transferred to it under subdivision 3d for administrative expenses.

Sec. 73. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 12. **FAIR HEARING PROCESS.** (a) Applicants and recipients have the option to request the county to conduct a conciliation conference to attempt to resolve complaints arising from any of the following actions:

- (1) a determination of ineligibility for child care assistance;
- (2) unauthorized termination of child care assistance;
- (3) determination of the factors considered in setting the family fee; and
- (4) income redetermination resulting in change of a family fee.

(b) The county shall notify the applicant or the recipient, in writing, of any adverse action. The determination described in paragraph (a), clauses (1) and (3), must include written notice of the applicant's or recipient's right to the election described in paragraph (c), where and how to request the election, the time limit within which to make the request, and the reasons for the determination. Notice of the proposed actions described in paragraph (a), clauses (2) and (4), must be mailed to the applicant or recipient at least 15 calendar days before the effective date of the action. The notice must clearly state what action the county proposes to take, the effective date of the proposed action, the reasons for the proposed action, the necessary corrective measures, the option to request either a conciliation conference or an administrative hearing, where and how to make the request, the time limits within which a request must be made, and the consequence of the action.

(c) An applicant or recipient who receives a determination or notice of proposed action under paragraph (b) must mail or deliver either a written notice of request for a conciliation conference to the administering agency or a written notice of request for the hearing specified under paragraph (e) to the administering agency on or before the effective date of the proposed action or the date specified in the notice, or the action will be final.

(d) The county shall provide a conciliation conference within 30 days of receipt of a written request.

The county shall give the applicant or recipient ten calendar days' notice of

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

the conference date. The applicant or recipient and the county's representative have the right to appear, to bring witnesses, and to submit documentation. The written request and the resolution, if any, of the conference shall be maintained as part of the official record. The county's representative shall issue a written resolution only if mutual agreement is reached between the county's representative and the applicant or recipient. The resolution must be signed by both parties and issued the same day as the conciliation conference is held. Participating in a conciliation conference or signing a resolution does not constitute a waiver of the right to an administrative hearing.

An applicant or recipient may, within 15 calendar days of the conference, mail or deliver a written request to the administering agency for an administrative hearing. Unless an appeal is requested, a determination, proposed action, or resolution of a conciliation conference will be final after the 15-day period has passed.

(e) A fair hearing shall be conducted in the manner prescribed by section 268.10, subdivision 3. A right to review will be provided in accordance with section 268.10, subdivision 5. The proposed action will not take effect until the appeal is decided by the administrative hearing process.

Sec. 74. Minnesota Statutes 1986, section 268.911, subdivision 1, is amended to read:

Subdivision 1. **AUTHORITY.** The commissioner of human services may make grants to public or private nonprofit agencies for the planning, establishment, expansion, improvement, or operation of child care resource and referral programs and child care services according to the provisions of this section and may make grants to county boards to carry out the purposes of section 245.84.

Sec. 75. Minnesota Statutes 1986, section 510.07, is amended to read:

510.07 SALE OR REMOVAL PERMITTED; NOTICE.

The owner may sell and convey the homestead without subjecting it, or the proceeds of such sale for the period of one year after sale, to any judgment or debt from which it was exempt in the owner's hands, except that the proceeds of the sale are not exempt from a judgment or debt for a court ordered child support or maintenance obligation in arrears. The owner may remove therefrom without affecting such exemption, if the owner does not thereby abandon the same as the place of abode. If the owner shall cease to occupy such homestead for more than six consecutive months the owner shall be deemed to have abandoned the same unless, within such period, the owner shall file with the county recorder of the county in which it is situated a notice, executed, witnessed, and acknowledged as in the case of a deed, describing the premises and claiming the same as the owner's homestead. In no case shall the exemption continue more than five years after such filing, unless during some part of the term the premises shall have been occupied as the actual dwelling place of the debtor or the debtor's family.

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

Sec. 76. Minnesota Statutes 1986, section 518.131, subdivision 7, is amended to read:

Subd. 7. The court shall be guided by the factors set forth in sections ~~518.17~~ 518.551 (concerning child support), 518.552 (concerning maintenance) and 518.17 to 518.175 (concerning custody and visitation) in making temporary orders and restraining orders.

Sec. 77. Minnesota Statutes 1986, section 518.171, subdivision 1, is amended to read:

Subdivision 1. **ORDER.** Unless the obligee has comparable or better group dependent health insurance coverage available at a more reasonable cost, the court shall order the obligor to name the minor child as beneficiary on any health and dental insurance plan that is available to the obligor on a group basis or through an employer or union.

If the court finds that dependent health or dental insurance is not available to the obligor on a group basis or through an employer or union, or that the group insurer is not accessible to the obligee, the court may require the obligor to obtain dependent health or dental insurance, or to be liable for reasonable and necessary medical or dental expenses of the child.

If the court finds that the dependent health or dental insurance required to be obtained by the obligor does not pay all the reasonable and necessary medical or dental expenses of the child, or that the dependent health or dental insurance available to the obligee does not pay all the reasonable and necessary medical or dental expenses of the child, and the court finds that the obligor has the financial ability to contribute to the payment of these medical or dental expenses, the court shall require the obligor to be liable for all or a portion of the medical or dental expenses of the child not covered by the required health or dental plan.

Sec. 78. Minnesota Statutes 1986, section 518.24, is amended to read:

518.24 SECURITY; SEQUESTRATION; CONTEMPT.

In all cases when maintenance or support payments are ordered, the court may require sufficient security to be given for the payment of them according to the terms of the order. Upon neglect or refusal to give security, or upon failure to pay the maintenance or support, the court may sequester the obligor's personal estate and the rents and profits of real estate of the obligor, and appoint a receiver of them. The court may cause the personal estate and the rents and profits of the real estate to be applied according to the terms of the order. ~~If the obligor has is presumed to have an income from a source sufficient to pay the maintenance or support and the obligor fails to pay the same, the court shall order the obligor to pay it. A person or party who~~ If the obligor disobeys the order ~~may be punished by the court as for, it is prima facie evidence of~~ contempt.

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

Sec. 79. Minnesota Statutes 1986, section 518.551, subdivision 1, is amended to read:

Subdivision 1. PAYMENT TO PUBLIC AGENCY.

The court shall direct that all payments ordered for maintenance and support be made to the public agency responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance, or has applied for child support and maintenance collection services. Amounts received by the public agency responsible for child support enforcement greater than the amount granted to the obligee shall be remitted to the obligee.

Sec. 80. Minnesota Statutes 1986, section 518.551, is amended by adding a subdivision to read:

Subd. 10. ADMINISTRATIVE PROCESS CHILD SUPPORT PILOT PROJECT. A pilot project is established to obtain, modify, and enforce child and medical support orders and maintenance through administrative process, to evaluate the efficiency of the administrative process. The pilot project shall begin when the procedures have been established and end on June 30, 1989.

During the pilot project, all proceedings for obtaining, modifying, or enforcing child and medical support orders and maintenance required to be conducted in Dakota county in which Dakota county human services is a party or represents a party to the action must be conducted by an administrative law judge from the office of administrative hearings, except for the following proceedings:

- (1) adjudication of paternity;
- (2) motions to set aside a paternity adjudication or declaration of parentage;
- (3) evidentiary hearing on contempt motions; and
- (4) motions to sentence or to revoke the stay of a jail sentence in contempt proceedings.

An administrative law judge may hear a stipulation reached on a contempt motion, but any stipulation that involves a finding of contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a county or district judge.

For the purpose of this pilot project, all powers, duties, and responsibilities conferred on judges of the county or district court to obtain and enforce child and medical support obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue orders to show cause and to issue bench warrants for failure to appear.

During fiscal year 1988, the chief administrative law judge, the commissioner of human services, the director of Dakota county human services, the Dakota

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

county attorney, and the clerk of the Dakota county court shall jointly establish procedures for the implementation of this pilot project.

Nonattorney employees of Dakota county human services, acting at the direction of the county attorney, may prepare, sign, serve, and file motions for obtaining, modifying, or enforcing child and medical support orders and maintenance and related documents, appear at prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law.

For the purpose of this pilot project, the hearings shall be conducted under the conference contested case rules adopted by the chief administrative law judge. Any discovery required in a proceeding shall be conducted under the rules of family court and the rules of civil procedure. Orders issued by an administrative law judge shall be enforceable by the contempt powers of the county or district courts.

The administrative law judge shall make a report to the chief administrative law judge or the chief administrative law judge's designee, stating findings of fact and conclusions and recommendations concerning the proposed action, in accordance with sections 14.48 to 14.56. The chief administrative law judge or a designee shall render the final decision and order in accordance with sections 14.61 and 14.62. The decision and order of the chief administrative law judge or a designee shall be a final agency decision for purposes of sections 14.63 to 14.69.

Sec. 81. Minnesota Statutes 1986, section 518.57, subdivision 1, is amended to read:

Subdivision 1. **ORDER.** Upon a decree of dissolution, legal separation or annulment, the court may make a further order which is just and proper concerning the maintenance of the minor children as provided by section ~~518.47~~ 518.551, and for the maintenance of any child of the parties as defined in section 518.54, as support money, and may make the same a lien or charge upon the property of the parties to the proceeding, or either of them, either at the time of the entry of the judgment or by subsequent order upon proper application.

Sec. 82. Minnesota Statutes 1986, section 518.611, subdivision 1, is amended to read:

Subdivision 1. **ORDER.** Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, is determined and ordered by a court of this state, ~~that court shall order the withholding of the amount of child support or maintenance as determined by court order; must be withheld~~ from the income, regardless of source, of the person obligated to pay the support or maintenance. ~~When an order for withholding has not previously been secured, the obligee may or the public agency responsible for child support enforcement shall move the court; and the court shall grant the order~~ Every order for maintenance or support must include the obligor's social security number and the name and address of the obligor's employer or other payor of funds.

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

Sec. 83. Minnesota Statutes 1986, section 518.611, subdivision 2, is amended to read:

Subd. 2. **NOTICE CONDITIONS OF INCOME WITHHOLDING.** ~~Each order for withholding shall provide for a conspicuous notice to the obligor that:~~

(a) Withholding shall result if whenever the obligor fails to make the maintenance or support payments, and ~~that no withholding shall be made until the following conditions are met:~~

(1) ~~The obligee or the public authority determines that the obligor is at least 30 days in arrears;~~

(2) ~~The obligee or the public authority serves written notice of its determination of income withholding, showing arrearage, on the obligor at least 15 days before service of the notice of income withholding and a copy of the court's order for withholding on the payor of funds;~~

(3) ~~Within the 15-day period, the obligor fails to move the court to deny withholding on the grounds that an arrearage of at least 30 days does not exist as of the date of the notice of income withholding, or on other grounds limited to mistakes of fact, and, ex parte, to stay service on the payor of funds until the motion to deny withholding is heard. Within 45 days from the date of the notice of income withholding, the court shall hold the hearing on the motion to deny withholding and notify the parties of its decision; and~~

(4) ~~The obligee or the public authority serves a copy of the notice of income withholding and, a copy of the court's withholding order, and the provisions of this section on the payor of funds; and~~

(5) ~~The obligee serves on the public authority a copy of the notice of income withholding, a copy of the court's withholding order, an application and the fee to use the public authority's collection services.~~

(b) To pay the arrearage specified in the notice of income withholding, the employer or payor of funds shall withhold from the obligor's income an additional amount equal to 20 percent of the monthly child support or maintenance obligation until the arrearage is paid.

(c) The obligor may, at any time, waive the written notice required by this subdivision.

(d) The obligor may move the court, under section 518.64, to modify the order respecting the amount of maintenance or support.

(e) Every order for support or maintenance shall provide for a conspicuous notice of the provisions of this subdivision.

Sec. 84. Minnesota Statutes 1986, section 518.611, subdivision 3, is amended to read:

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

Subd. 3. **WITHHOLDING HEARING.** Within 45 days from the date of the notice given under subdivision 2, the court shall hold the hearing on the motion under subdivision 2 and notify the parties of its decision. At the hearing to deny withholding, if the court finds that there was no mistake of fact, the court shall order income withholding to begin no later than the first pay period that occurs after 14 days following the date of the hearing. If the court finds that an arrearage of at least 30 days existed as of the date of the notice of income withholding, but finds a mistake in the amount of arrearage, the court shall order income withholding, but it shall correct the amount of arrearage to be withheld under subdivision 2, paragraph (b).

Sec. 85. Minnesota Statutes 1986, section 518.611, subdivision 4, is amended to read:

Subd. 4. **EFFECT OF ORDER.** Notwithstanding any law to the contrary, the order is binding on the employer, trustee, or other payor of the funds when service under subdivision 2 has been made. Withholding must begin no later than the first pay period that occurs after 14 days following the date of the notice. An employer or other payor of funds in this state is required to withhold income according to court orders for withholding issued by other states or territories. The payor shall withhold from the income payable to the obligor the amount specified in the order and amounts required under subdivision 2, paragraph (b) and section 518.613 and shall remit, within ten days of the date the obligor is paid the remainder of the income, the amounts withheld to the public authority. Employers may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment. Amounts received by the public authority which are in excess of public assistance expended for the party or for a child shall be remitted to the party. An employer shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of a wage or salary withholding authorized by this section. The employer or other payor of funds shall be liable to the obligee for any amounts required to be withheld.

Sec. 86. Minnesota Statutes 1986, section 518.611, subdivision 6, is amended to read:

Subd. 6. **PRIORITY.** An order for withholding under this section or execution or garnishment upon a judgment for child support arrearages or preadjudicated expenses shall have priority over an attachment, execution, garnishment, or wage assignment and shall not be subject to the statutory limitations on amounts levied against the income of the obligor. Amounts withheld from an employee's income must not exceed the maximum permitted under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b)(2). If there is more than one withholding order on a single employee, the employer shall put them into effect, giving priority first to amounts currently due and not in arrears and then to other amounts, in the sequence in which the withholding orders were received up to the maximum allowed in the Consumer Credit Protection Act. Notwithstanding any law to the contrary, funds from income sources included in section 518.54, subdivision 6, whether periodic or lump sum, are not exempt from attachment or execution upon a judgment for child support arrearages.

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

Sec. 87. Minnesota Statutes 1986, section 518.611, subdivision 8, is amended to read:

Subd. 8. **EMPLOYER OR PAYOR AND OBLIGOR NOTICE.** When an individual is hired for employment, the employer shall request that the individual disclose whether or not the individual has court-ordered child support obligations that are required by law to be withheld from income and the terms of the court order, if any. The individual shall disclose this information at the time of hiring. When an individual discloses that the individual owes child support that is required to be withheld, the employer shall begin withholding according to the terms of the order and under this section. When a withholding order is in effect and the obligor's employment is terminated or the periodic payment terminates, the obligor and the obligor's employer or the payor of funds shall notify the public agency responsible for child support enforcement of the termination within 30 ten days of the termination date. The notice shall include the obligor's home address and the name and address of the obligor's new employer or payor of funds, if known. Information disclosed under this section shall not be divulged except to the extent necessary for the administration of the child support enforcement program or when otherwise authorized by law.

Sec. 88. Minnesota Statutes 1986, section 518.611, is amended by adding a subdivision to read:

Subd. 11. **CONTRACT FOR SERVICE.** To carry out the provisions of this section, the public authority responsible for child support enforcement may contract for services, including the use of electronic funds transfer.

Sec. 89. **[518.613] AUTOMATIC WITHHOLDING.**

Subdivision 1. GENERAL. Notwithstanding any provision of section 518.611, subdivision 2 or 3, to the contrary, whenever an obligation for child support or maintenance is initially determined and ordered or modified by the court in a county in which this section applies, the amount of child support or maintenance ordered by the court must be withheld from the income, regardless of source, of the person obligated to pay the support. For purposes of this section, "modified" does not mean a cost-of-living adjustment without any other modification of the support order.

Subd. 2. ORDER; COLLECTION SERVICES. Every order for child support must include the obligor's social security number and the name and address of the obligor's employer or other payor of funds. Upon entry of the order for support or maintenance, the court shall mail a copy of the court's order and the provisions of section 518.611 and this section to the obligor's employer or other payor of funds and to the public agency responsible for child support enforcement. An obligee who is not a recipient of public assistance shall apply for the collection services of the public authority when an order for support is entered.

Subd. 3. WITHHOLDING. The employer or other payor shall withhold and forward the child support or maintenance ordered in the manner and within

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

the time limits provided in section 518.611. Amounts received from employers or other payors under this section by the public agency responsible for child support enforcement that are in excess of public assistance received by the obligee must be remitted to the obligee. The public agency must remit payments to the obligee at least once monthly on a standard payment date set by the agency. A county in which this section applies may contract for services to carry out the provisions of this section.

Subd. 4. APPLICATION. On and after August 1, 1987, and prior to August 1, 1989, this section applies in a county selected under section 93 and in a county that chooses to have this section apply by resolution of a majority vote of its county board.

Sec. 90. Minnesota Statutes 1986, section 518.64, subdivision 2, is amended to read:

Subd. 2. **MODIFICATION.** The terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost-of-living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair. On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court shall take into consideration the needs of the children and shall not consider the financial circumstances of each party's spouse, if any. A modification which decreases support or maintenance may be made retroactive only upon a showing that any failure to pay in accord with the terms of the original order was not willful with respect to any period during which the support obligor has pending a motion for modification but only from the date that notice of the motion has been given to the obligee and to the court or other entity which issued each support order. A modification which increases support or maintenance shall not be made retroactive if the obligor has substantially complied with the previous order. Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

Sec. 91. **[1987 COUNTY IMPLEMENTATION PLANS.]**

By October 1, 1987, each county shall prepare an implementation plan for AFDC employment and training services and submit it to the commissioner of

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

jobs and training as part of its local service unit plan under section 268.88. The implementation plan must include a timetable for phasing in AFDC employment and training services, any barriers to implementing AFDC employment and training services, and a proposed design for the AFDC employment and training delivery system.

Sec. 92. **FEDERAL AUTHORITY.**

Subdivision 1. LEGISLATIVE WAIVERS. The commissioner of human services shall seek from the Congress of the United States or the United States Department of Health and Human Services a change in or waiver of existing requirements of the aid to families with dependent children (AFDC) program to the extent necessary to allow the commissioner to:

(1) require that minor parents of children six weeks of age and older who have not completed a high school education either attend high school or work toward a general education diploma as long as necessary child care and transportation services are available to them;

(2) require that minor parents not living with relatives live in a group or foster home or, when the case manager determines the need for such services, participate in a program that teaches skills in parenting and independent living, provided that the described living or counseling opportunities are available to the minor parent;

(3) require that all caretakers coming onto the program attend orientation and develop a plan to obtain self-sufficiency, to the extent that programs and services are available.

(4) require that, as a condition of receiving AFDC, priority caretakers of children younger than six months participate for not more than four hours a week in activities related to personal and family development, including parenting education, personal and vocational counseling, chemical dependency treatment, domestic abuse counseling, or remedial education, and then only if child care assistance is provided or if the activity includes the child as a participant, and if transportation needs are met;

(5) require that, as a condition of receiving AFDC, caretakers of children aged three and over register for and participate in employment and training services and seek employment as long as necessary child care and transportation are available to them;

(6) replace the sanctions under section 256.736, subdivision 4, clause (4), paragraphs (a) and (d), with the following graduated sanctions:

(a) upon first caretaker refusal, 50 percent of the grant provided to the family shall be made in the form of protective or vendor payments;

(b) upon second caretaker refusal, the entire grant provided to the family shall be made in the form of protective or vendor payments; and

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

(c) upon third caretaker refusal, the caretaker'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 protective or vendor payments;

(7) exclude all expenses related to education when determining income for food stamp purposes;

(8) disregard more earned income of a recipient than allowed under United States Code, title 42, section 602(a)(8)(B)(ii), to provide an incentive to work and prevent recipients from experiencing a sudden loss of income after four months of employment;

(9) exclude from consideration in computing the income of an AFDC caretaker parent under the age of 18 any income of the parents of the caretaker parent, without regard to the residence of the caretaker parent, to make it possible for a minor parent to receive financial assistance while remaining in a supportive home environment;

(10) determine the maximum value of an automobile which can be excluded as an asset under United States Code, title 42, section 602(a)(7)(B)(i), because of the need of AFDC recipients for reliable transportation in order to participate in work and training and become self-sufficient;

(11) disregard in computing income the cost of child care beyond that currently allowed under United States Code, title 42, section 602(a)(8)(A)(iii), because of the need of AFDC recipients for quality reliable child care in order to participate in work and training and become self-sufficient;

(12) permit a principal earner in a family receiving AFDC-UP to work more than 100 hours per month without being disqualified from the program, in order to recognize the financial reality of AFDC-UP families and to help the families achieve financial security before leaving the program;

(13) simplify eligibility determination processes, budgeting procedures, and excessive paperwork requirements without becoming subject to federal sanctions, in order to enhance self-esteem among clients and free workers to help families achieve self-sufficiency; and

(14) disregard quality control review requirements that are not directly related to actual grant miscalculation or client right violations, in order to move the AFDC program away from a system driven by audits, error rates, and sanctions.

In constructing and negotiating modifications under this section, the commissioner shall not agree to terms or conditions that infringe on recipients' entitlement to benefits or impede federal financial participation under United States Code, title 42, subchapter IV, part A. The commissioner shall not accept a block grant or lump sum amount of federal money for AFDC in Minnesota unless the sum is adjusted to protect the state against an increase in the number of recipients during a period of recession.

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

Subd. 2. IMPLEMENTATION. The commissioner shall not implement any program changes authorized by this section unless sufficient appropriations are available to cover any increased costs to the state. The commissioner shall promulgate emergency rules as necessary to implement any waiver. Rules promulgated under authority of this section supersede any conflicting laws or rules until July 1, 1988.

Sec. 93. DEMONSTRATION.

On or before July 1, 1987, the commissioner of human services shall designate five counties in which child support or maintenance shall be withheld from the obligor's income pursuant to section 518.613. The total population of the counties designated must equal at least 25 percent of the population of the state. The designated counties must include at least one county in which is located a city of the first class, and at least two counties that are not metropolitan counties, as defined in section 473.121, subdivision 4. The group of counties designated must be representative of urban, suburban, and rural demographic areas.

Sec. 94. REPORT TO THE LEGISLATURE.

The commissioner of human services shall collect data on costs and collections and report to the chairs of the health and human services committees in the house of representatives and the senate on or before January 2, 1989, on the progress and experience of the county agencies in implementing the automatic income withholding provisions of this act, including a recommendation on whether the program should be discontinued or implemented statewide.

Sec. 95. DEMONSTRATION PROJECT; PERSONS WITHOUT A VERIFIED RESIDENCE ADDRESS.

(a) The commissioner shall establish a one-county demonstration project to determine the effectiveness of establishing special procedures for providing assistance to applicants or recipients of general assistance, work readiness, or emergency general assistance, who do not have a verified residence address. For purposes of the demonstration project, the requirements in this section supersede section 256D.09, subdivision 4, and other conflicting laws and rules.

(b) For applicants or recipients of general assistance, emergency general assistance, and work readiness assistance who do not have a verified residence address, the local agency may provide assistance using one or more of the following methods:

(1) The local agency may provide assistance in the form of vouchers or vendor payments and provide separate vouchers or vendor payments for food, shelter, and other needs.

(2) The local agency may divide the monthly assistance standard into weekly payments, whether in cash or by voucher or vendor payment; or, if actual need is greater than the standards of assistance established pursuant to section 256D.01, subdivision 1a, issue assistance based on actual need. Nothing in this clause

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

prevents the local agency from issuing voucher or vendor payments for emergency general assistance in an amount less than the standards of assistance.

(3) The local agency may determine eligibility and provide assistance on a weekly basis. Weekly assistance can be issued in cash or by voucher or vendor payment and can be determined either on the basis of actual need or by prorating the monthly assistance standard.

(c) An individual may verify a residence address by providing a driver's license; a state identification card; postmarked mail addressed to and received by the individual at the address; a statement by the landlord, apartment manager, or homeowner verifying that the individual is residing at the address; or other written documentation approved by the commissioner.

(d) If the local agency elects to provide assistance on a weekly basis, the agency shall not provide assistance for a period during which no need is claimed by the individual. The individual must be notified, each time weekly assistance is provided, that subsequent weekly assistance will not be issued unless the individual claims need. The ten-day advance notice required under sections 256D.051, subdivision 13, and 256D.10 does not apply to weekly assistance issued under this paragraph.

Sec. 96. INSTRUCTION TO REVISOR.

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute in chapter 257 the term "biological" when referring to a parent, mother, or father for the term "natural."

Sec. 97. APPLICATION.

Section 83 is effective August 1, 1987, and applies to child support orders entered before, on, or after that date.

Sec. 98. REPEALER.

Minnesota Statutes 1986, sections 257.34, subdivision 2; and section 268.86, subdivisions 1, 3, 4, and 5, are repealed. Section 95 is repealed effective June 30, 1989.

Sec. 99. EFFECTIVE DATE; APPLICATION.

Sections 13 and 90 are effective the day following final enactment.

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

ARTICLE 4

Section 1. Minnesota Statutes 1986, section 144.55, subdivision 6, is amended to read:

Subd. 6. **SUSPENSION, REVOCATION, AND REFUSAL TO RENEW.** (a) The commissioner may refuse to grant or renew, or may suspend or revoke, a license on any of the following grounds:

(1) Violation of any of the provisions of sections 144.50 to 144.56 or the rules or standards issued pursuant thereto;

(2) Permitting, aiding, or abetting the commission of any illegal act in the institution;

(3) Conduct or practices detrimental to the welfare of the patient; or

(4) Obtaining or attempting to obtain a license by fraud or misrepresentation.

(b) The commissioner shall not renew a license for a boarding care bed in a resident room with more than four beds.

Sec. 2. Minnesota Statutes 1986, section 144A.05, is amended to read:

144A.05 LICENSE RENEWAL.

Unless the license expires in accordance with section 144A.06 or is suspended or revoked in accordance with section 144A.11, a nursing home license shall remain effective for a period of one year from the date of its issuance. The commissioner of health by rule shall establish forms and procedures for the processing of license renewals. The commissioner of health shall approve a license renewal application if the facility continues to satisfy the requirements, standards and conditions prescribed by sections 144A.01 to 144A.17 and the rules promulgated thereunder. The commissioner shall not approve the renewal of a license for a nursing home bed in a resident room with more than four beds. Except as provided in section 144A.08, a facility shall not be required to submit with each application for a license renewal additional copies of the architectural and engineering plans and specifications of the facility. Before approving a license renewal, the commissioner of health shall determine that the facility's most recent balance sheet and its most recent statement of revenues and expenses, as audited by the state auditor, by a certified public accountant licensed by this state or by a public accountant as defined in section 412.222, have been received by the department of human services.

Sec. 3. Minnesota Statutes 1986, section 144A.071, subdivision 3, is amended to read:

Subd. 3. **EXCEPTIONS.** The commissioner of health, in coordination with the commissioner of human services, may approve the addition of a new certified

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

bed or the addition of a new licensed nursing home bed, under the following conditions:

(a) to replace a bed decertified after May 23, 1983 or to address an extreme hardship situation, in a particular county that, together with all contiguous Minnesota counties, has fewer nursing home beds per 1,000 elderly than the number that is ten percent higher than the national average of nursing home beds per 1,000 elderly individuals. For the purposes of this section, the national average of nursing home beds shall be the most recent figure that can be supplied by the federal health care financing administration and the number of elderly in the county or the nation shall be determined by the most recent federal census or the most recent estimate of the state demographer as of July 1, of each year of persons age 65 and older, whichever is the most recent at the time of the request for replacement. In allowing replacement of a decertified bed, the commissioners shall ensure that the number of added or recertified beds does not exceed the total number of decertified beds in the state in that level of care. An extreme hardship situation can only be found after the county documents the existence of unmet medical needs that cannot be addressed by any other alternatives;

(b) to certify a new bed in a facility that commenced construction before May 23, 1983. For the purposes of this section, "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were secured;

(c) to certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home proves to the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes;

(d) to license a new nursing home bed in a facility that meets one of the exceptions contained in clauses (a) to (c);

(e) to license nursing home beds in a facility that has submitted either a completed licensure application or a written request for licensure to the commissioner before March 1, 1985, and has either commenced any required construction as defined in clause (b) before May 1, 1985, or has, before May 1, 1985, received from the commissioner approval of plans for phased-in construction and written authorization to begin construction on a phased-in basis. For the purpose of this clause, "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules; ~~or~~

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

(f) to certify or license new beds in a new facility that is to be operated by the commissioner of veterans' affairs or when the costs of constructing and operating the new beds are to be reimbursed by the commissioner of veterans' affairs or the United States Veterans Administration;

(g) to license or certify beds in a new facility constructed to replace a facility that was destroyed after June 30, 1987, by fire, lightning, or other hazard provided:

(1) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(2) at the time the facility was destroyed the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(3) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility;

(4) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 4, subdivision 5; and

(5) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility;

(h) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, if the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the remodeling or renovation;

(i) to license or certify beds in a facility that has been involuntarily delicensed or decertified for participation in the medical assistance program, provided that an application for relicensure or recertification is submitted to the commissioner within 120 days after delicensure or decertification;

(j) to license or certify beds in a project recommended for approval by the interagency board for quality assurance under section 4;

(k) to license nursing home beds in a hospital facility that are relocated from a different hospital facility under common ownership or affiliation, provided: (1) the hospital in which the nursing home beds were originally located ceases to function as an acute care facility, or necessary support services for nursing homes as required for licensure under sections 144A.02 to 144A.10, such as dietary service, physical plant, housekeeping, physical therapy, occupational therapy, and administration, are no longer available from the original hospital site;

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

and (2) the nursing home beds are not certified for participation in the medical assistance program;

(1) to license or certify beds that are moved from one location to another within an existing identifiable complex of hospital buildings, from a hospital-attached nursing home to the hospital building, or from a separate nursing home under common ownership with or control of a hospital to the hospital when a hospital-attached nursing home is moved simultaneously to the hospital. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation. At the time of the licensure and certification of the nursing home beds, the commissioner of health shall delicense the same number of acute care beds within the existing complex of hospital buildings or building. When a separate nursing home and a hospital-attached nursing home under common ownership or control are simultaneously relocated to a hospital building, a combined cost report must be submitted for the cost reporting year ending September 30, 1987, and the freestanding nursing home limits apply. Relocation of nursing home beds under this clause is subject to the limitations in section 4, subdivision 5;

(m) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds; or

(n) to license new nursing home beds in a continuing care retirement community affiliated with a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its residents from outside the state for the purpose of meeting contractual obligations to residents of the retirement community, provided the facility makes a written commitment to the commissioner of human services that it will not seek medical assistance certification for the new beds.

Sec. 4. [144A.073] REVIEW OF PROPOSALS REQUIRING EXCEPTIONS TO THE MORATORIUM.

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

(a) "Conversion" means the relocation of a nursing home bed from a nursing home to an attached hospital.

(b) "Renovation" means extensive remodeling of, or construction of an addition to, a facility on an existing site with a total cost exceeding ten percent of the appraised value of the facility or \$200,000, whichever is less.

(c) "Replacement" means the demolition and reconstruction of all or part of an existing facility.

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

(d) "Upgrading" means a change in the level of licensure of a bed from a boarding care bed to a nursing home bed, in a certified boarding care facility that is attached to a nursing home or a boarding care bed in a freestanding boarding care facility that currently meets all health department standards for a nursing home.

Subd. 2. REQUEST FOR PROPOSALS. At the intervals specified in rules, the interagency board shall publish in the State Register a request for proposals for nursing home projects to be licensed or certified under section 3, clause (i). The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency board within 90 days of the date of publication. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the notice for that year must state that proposals will not be requested because no appropriations were made. To be considered for approval, a proposal must include the following information:

(1) whether the request is for renovation, replacement, upgrading, or conversion;

(2) a description of the problem the project is designed to address;

(3) a description of the proposed project;

(4) an analysis of projected costs, including initial construction and remodeling costs, site preparation costs, financing costs, and estimated operating costs during the first two years after completion of the project;

(5) for proposals involving replacement of all or part of a facility, the proposed location of the replacement facility and an estimate of the cost of addressing the problem through renovation;

(6) for proposals involving renovation, an estimate of the cost of addressing the problem through replacement;

(7) the proposed timetable for commencing construction and completing the project; and

(8) other information required by rule of the commissioner of health.

Subd. 3. REVIEW AND APPROVAL OF PROPOSALS. Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency board for quality assurance may recommend that the commissioner of health grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section. The interagency board shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the board. The commissioners of human services and health shall provide staff and technical assistance to the board for the review and analysis of proposals. The interagency board shall hold a public hearing before submitting recommendations to the commissioner of health on project requests. The board shall submit recommendations within 150 days of

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

the date of the publication of the notice, based on a comparison and ranking of proposals using the criteria in subdivision 4. The commissioner of health shall approve or disapprove a project within 30 days after receiving the board's recommendations. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires 12 months after approval by the commissioner of health unless the facility has commenced construction as defined in section 144A.071, subdivision 3, paragraph (b). The board's report to the legislature, as required under section 144A.31, must include the projects approved, the criteria used to recommend proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling, and the estimated operating costs during the first two years after the project is completed.

Subd. 4. CRITERIA FOR REVIEW. (a) The following criteria must be used to compare and evaluate all proposals submitted:

(1) the extent to which the average occupancy rate of the facility supports the need for the proposed project;

(2) the extent to which the average occupancy rate of all facilities in the county in which the applicant is located, together with all contiguous Minnesota counties, supports the need for the proposed project;

(3) the extent to which the proposal furthers state long-term care goals, including the goal of enhancing the availability and use of alternative care services and the goal of reducing the number of long-term care resident rooms with more than two beds;

(4) the cost effectiveness of the proposal, including the proposal's long-term effects on the costs of the medical assistance program, as determined by the commissioner of human services; and

(5) other factors developed in rule by the commissioner of health that evaluate and assess how the proposed project will further promote or protect the health, safety, comfort, treatment, or well-being of the facility's residents.

(b) In addition to the criteria in paragraph (a), the following criteria must be used to evaluate, compare, and rank proposals involving renovation or replacement:

(1) the extent to which the project improves conditions that affect the health or safety of residents, such as narrow corridors, narrow door frames, unenclosed fire exits, and wood frame construction, and similar provisions contained in fire and life safety codes and licensure and certification rules;

(2) the extent to which the project improves conditions that affect the comfort or quality of life of residents in a facility or the ability of the facility to provide efficient care, such as a relatively high number of residents in a room; inadequate lighting or ventilation; poor access to bathing or toilet facilities; a

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

lack of available ancillary space for dining rooms, day rooms, or rooms used for other activities; problems relating to heating, cooling, or energy efficiency; inefficient location of nursing stations; narrow corridors; or other provisions contained in the licensure and certification rules.

Subd. 5. REPLACEMENT RESTRICTIONS. (a) Proposals submitted or approved under this section involving replacement must provide for replacement of the facility on the existing site except as allowed in this subdivision.

(b) Facilities located in a metropolitan statistical area other than the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same census tract or a contiguous census tract.

(c) Facilities located in the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same or contiguous health planning area as adopted in March 1982 by the metropolitan council.

(d) Facilities located outside a metropolitan statistical area may relocate to a site within the same city or township, or within a contiguous township.

(e) A facility relocated to a different site under paragraphs (b), (c), or (d) must not be relocated to a site more than six miles from the existing site.

Subd. 6. CONVERSION RESTRICTIONS. Proposals submitted or approved under this section involving conversion must satisfy the following conditions:

(a) Conversion is limited to a total of five beds.

(b) An equivalent number of hospital beds must be delicensed.

(c) The average occupancy rate in the existing nursing home beds must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(d) The cost of remodeling the hospital rooms to meet current nursing home construction standards must not exceed ten percent of the appraised value of the nursing home or \$200,000, whichever is less.

(e) The conversion must not result in an increase in operating costs.

Subd. 7. UPGRADING RESTRICTIONS. Proposals submitted or approved under this section involving upgrading must satisfy the following conditions:

(a) No proposal for upgrading may be approved after June 30, 1989.

(b) No more than one proposal for upgrading may be approved for a facility.

(c) Upgrading is limited to a total of ten beds.

(d) The facility must meet minimum nursing home care standards.

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

(e) Upgrading must not result in an increase in per diem operating costs, except for the upgrading of those freestanding boarding care facilities which currently meet existing nursing home building and space standards.

(f) If beds are upgraded to nursing home beds, the number of boarding care beds in a facility must not increase in the future.

(g) The average occupancy rate in the existing nursing home beds must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(h) The cost of remodeling the facility to meet current nursing home construction standards must not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less.

Subd. 8. RULEMAKING. The commissioner of health shall adopt emergency or permanent rules to implement this section.

Sec. 5. Minnesota Statutes 1986, section 144A.27, is amended to read:

144A.27 ACTING ADMINISTRATORS.

If a licensed nursing home administrator is removed from the position by death or other unexpected cause, the controlling persons of the nursing home suffering the removal may designate an acting nursing home administrator who ~~may serve without a license for no more than 90 days; unless an extension is granted by the board of examiners shall secure an acting administrator's license within 30 days of appointment as the acting administrator.~~

Sec. 6. Minnesota Statutes 1986, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. **OPERATING COSTS, AFTER JULY 1, 1985.** (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing home's cost report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, size of the nursing

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

home, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing home. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing homes in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting limits and nursing home payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing home is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July 1, 1985, the commissioner shall:

(1) allow nursing homes that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing homes licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing homes referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing home shall receive an operating cost payment rate equal to the sum of the nursing home's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category

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

shall be the lesser of the nursing home's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability or payments in lieu of real estate tax of each ~~proprietary~~ nursing home as an operating cost of that nursing home. For rate years beginning on or after July 1, 1987, the reported actual real estate tax liability or payments in lieu of real estate tax of nursing homes shall be adjusted to include an amount equal to one-half of the dollar change in real estate taxes from the prior year. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota department of health, for each nursing home as an operating cost of that nursing home. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, and license fees paid as required by the Minnesota department of health, for each nursing home (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the 60th percentile or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e).

(h) For rate years beginning on or after July 1, 1987, the commissioner shall adjust the rates of a nursing home that meets the criteria for the special dietary needs of its residents as specified in section 144A.071, subdivision 3, clause (c), and the requirements in section 31.651. The adjustment for raw food cost shall be the difference between the nursing home's allowable historical raw food cost per diem and 115 percent of the median historical allowable raw food cost per diem of the corresponding geographic group.

The rate adjustment shall be reduced by the applicable phase-in percentage as provided under section 256B.431, subdivision 2h.

Sec. 7. Minnesota Statutes 1986, section 256B.431, subdivision 2e, is amended to read:

Subd. 2e. **NEGOTIATED RATES CONTRACTS FOR SERVICES FOR VENTILATOR DEPENDENT PERSONS.** Until procedures for determining operating cost payment rates according to mix of resident needs are established, the commissioner may negotiate, with a nursing home that is eligible to receive medical assistance payments, a payment rate of up to 125 percent of the allowed payment rate to be paid for a period of up to three months for individuals who have been hospitalized for more than 100 days, or who have extensive care

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

needs based on nursing hours actually provided or mental or physical disability, or who need respite care for a specified and limited time period. In addition, the commissioner shall take into consideration facilities which historically provided nursing hours at or near the maximum limits which were subsequently reduced as a consequence of payment rate reductions. The payment rate shall be based on an assessment of the nursing home's resident mix as determined by the commissioner of health. When circumstances dictate, the commissioner has authority to renegotiate payment rates for an additional period of time. The payment rate negotiated and The commissioner may contract with a nursing home eligible to receive medical assistance payments to provide services to a ventilator dependent person identified by the commissioner according to criteria developed by the commissioner, including:

(1) nursing home care has been recommended for the person by a preadmission screening team;

(2) the person has been assessed at case mix classification K;

(3) the person has been hospitalized for at least six months and no longer requires inpatient acute care hospital services; and

(4) the commissioner has determined that necessary services for the person cannot be provided under existing nursing home rates.

The commissioner may issue a request for proposals to provide services to a ventilator dependent person to nursing homes eligible to receive medical assistance payments and shall select nursing homes from among respondents according to criteria developed by the commissioner, including:

(1) the cost effectiveness and appropriateness of services;

(2) the nursing home's compliance with federal and state licensing and certification standards; and

(3) the proximity of the nursing home to a ventilator dependent person identified by the commissioner who requires nursing home placement.

The commissioner may negotiate an adjustment to the operating cost payment rate for a nursing home selected by the commissioner from among respondents to the request for proposals. The negotiated adjustment must reflect only the actual additional cost of meeting the specialized care needs of a ventilator dependent person identified by the commissioner for whom necessary services cannot be provided under existing nursing home rates and which are not otherwise covered under Minnesota Rules, parts 9549.0010 to 9549.0080 or 9505.0170 to 9505.0475. The negotiated adjustment shall not affect the payment rate charged to private paying residents under the provisions of section 256B.48, subdivision 1. The negotiated adjustment paid pursuant to this paragraph is specifically exempt from the definition of "rule" and the rulemaking procedures required by chapter 14 and section 256B.502.

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

Sec. 8. Minnesota Statutes 1986, section 256B.431, subdivision 3a, is amended to read:

Subd. 3a. **PROPERTY-RELATED COSTS AFTER JULY 1, 1985.** (a) For rate years beginning on or after July 1, 1985, the commissioner, by permanent rule, shall reimburse nursing home providers that are vendors in the medical assistance program for the rental use of real estate and depreciable equipment. "Real estate" means land improvements, buildings, and attached fixtures used directly for resident care. "Depreciable equipment" means the standard moveable resident care equipment and support service equipment generally used in long-term care facilities.

(b) In developing the method for determining payment rates for the rental use of nursing homes, the commissioner shall consider factors designed to:

(1) simplify the administrative procedures for determining payment rates for property-related costs;

(2) minimize discretionary or appealable decisions;

(3) eliminate any incentives to sell nursing homes;

(4) recognize legitimate costs of preserving and replacing property;

(5) recognize the existing costs of outstanding indebtedness allowable under the statutes and rules in effect on May 1, 1983;

(6) address the current value of, if used directly for patient care, land improvements, buildings, attached fixtures, and equipment;

(7) establish an investment per bed limitation;

(8) reward efficient management of capital assets;

(9) provide equitable treatment of facilities;

(10) consider a variable rate; and

(11) phase-in implementation of the rental reimbursement method.

(c) No later than January 1, 1984, the commissioner shall report to the legislature on any further action necessary or desirable in order to implement the purposes and provisions of this subdivision.

(d) For rate years beginning on or after July 1, 1987, a nursing home which has reduced licensed bed capacity after January 1, 1986, shall be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed prior to the reduction; and

(2) establish capacity days for each rate year following the licensure reduction based on the number of beds licensed on the previous April 1 if the

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

commissioner is notified of the change by April 4. The notification must include a copy of the delicensure request that has been submitted to the commissioner of health.

(e) Until the rental reimbursement method is fully phased in, a nursing home whose final property-related payment rate is the rental rate shall continue to have its property-related payment rates established based on the rental reimbursement method.

Sec. 9. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3b. DEPRECIATION RECAPTURE. The sale of a nursing home which occurred on or after July 1, 1987, shall result in depreciation recapture payments to be paid by the buyer to the commissioner within 60 days of the department's notification if the sale price exceeds the nursing home's allowable historical cost of capital assets including land recognized by the commissioner at the time of the sale, reduced by accumulated depreciation. The gross recapture amount shall be the lesser of the actual gain on the sale or actual depreciation recognized for the purpose of calculating medical assistance payment rates from the latter of the date of previous sale or November 1, 1972, through the date of the sale. The gross recapture amount shall be allocated to each reporting year from the latter of the date of previous sale or November 1, 1972, through the date of the sale in the same ratio as depreciation amounts recognized for the purpose of calculating medical assistance payment rates. The amount allocated to each reporting year shall be divided by the total actual resident days in that reporting year, thereby determining a cost-per-resident day. The recapture amount shall be the cost-per-resident day for each reporting year times the actual medical assistance resident days for the corresponding rate year following each reporting year. No payment of depreciation recapture shall be assessed with respect to a portion of a rate year beginning after June 30, 1985, in which the property-related payment rate was based on the nursing home's rental value. The recapture amount shall be reduced by one percent for each month of continuous ownership since the previous date of sale of the nursing home up to a maximum of 100 months. For the purpose of this subdivision, the sale of a nursing home means the sale or transfer of a nursing home's capital assets or capital stock or the redemption of ownership interests by members of a partnership. In the case of a sale or transfer of a nursing home in which the new operator leases depreciable equipment used in the nursing home business from the prior operator, or an affiliate of the prior operator, the net present value of the lease shall be added to the transaction price for the purpose of determining the actual gain on the sale. In the case of a partial sale of a nursing home, the provisions of this subdivision will be applied proportionately to sales or accumulations of sales that exceed 20 percent of a nursing home's capital assets or capital stock. Depreciation recapture payments resulting from the sale of a nursing home which occurred before July 1, 1985, shall be calculated in accordance with reimbursement regulations in effect on the date of the sale.

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

Sec. 10. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3c. PLANT AND MAINTENANCE COSTS. For the rate years beginning on or after July 1, 1987, the commissioner shall allow as an expense in the reporting year of occurrence the lesser of the actual allowable plant and maintenance costs for supplies, minor equipment, equipment repairs, building repairs, purchased services and service contracts, except for arms-length service contracts whose primary purpose is supervision, or \$325 per licensed bed.

Sec. 11. Minnesota Statutes 1986, section 256B.431, subdivision 4, is amended to read:

Subd. 4. SPECIAL RATES. (a) For the rate years beginning July 1, 1983, and July 1, 1984, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property-related costs calculated pursuant to the statutes and rules in effect on May 1, 1983 and for operating costs negotiated by the commissioner based upon the 60th percentile established for the appropriate group under subdivision 2a, to be effective from the first day a medical assistance recipient resides in the home or for the added beds. For newly constructed nursing homes which are not included in the calculation of the 60th percentile for any group, subdivision 2f, the commissioner shall establish by rule procedures for determining interim operating cost payment rates and interim property-related cost payment rates. The interim payment rate shall not be in effect for more than 17 months. The commissioner shall establish, by emergency and permanent rules, procedures for determining the interim rate and for making a retroactive cost settle-up after the first year of operation; the cost settled operating cost per diem shall not exceed 110 percent of the 60th percentile established for the appropriate group. Until procedures determining operating cost payment rates according to mix of resident needs are established, the commissioner shall establish by rule procedures for determining payment rates for nursing homes which provide care under a lesser care level than the level for which the nursing home is certified.

(b) For the rate years beginning on or after July 1, 1985, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property related costs, operating costs, and real estate taxes and special assessments calculated under rules promulgated by the commissioner.

(c) For rate years beginning on or after July 1, 1983, the commissioner may exclude from a provision of 12 MCAR S 2.050 any facility that is licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, is licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690, and has less than five percent of its licensed boarding care capacity reimbursed

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

by the medical assistance program. Until a permanent rule to establish the payment rates for facilities meeting these criteria is promulgated, the commissioner shall establish the medical assistance payment rate as follows:

(1) The desk audited payment rate in effect on June 30, 1983, remains in effect until the end of the facility's fiscal year. The commissioner shall not allow any amendments to the cost report on which this desk audited payment rate is based.

(2) For each fiscal year beginning between July 1, 1983, and June 30, 1985, the facility's payment rate shall be established by increasing the desk audited operating cost payment rate determined in clause (1) at an annual rate of five percent.

(3) For fiscal years beginning on or after July 1, 1985, the facility's payment rate shall be established by increasing the facility's payment rate in the facility's prior fiscal year by the increase indicated by the consumer price index for Minneapolis and St. Paul.

(4) For the purpose of establishing payment rates under this paragraph, the facility's rate and reporting years coincide with the facility's fiscal year.

A facility that meets the criteria of this paragraph shall submit annual cost reports on forms prescribed by the commissioner.

For the rate year beginning July 1, 1985, each nursing home total payment rate must be effective two calendar months from the first day of the month after the commissioner issues the rate notice to the nursing home. From July 1, 1985, until the total payment rate becomes effective, the commissioner shall make payments to each nursing home at a temporary rate that is the prior rate year's operating cost payment rate increased by 2.6 percent plus the prior rate year's property-related payment rate and the prior rate year's real estate taxes and special assessments payment rate. The commissioner shall retroactively adjust the property-related payment rate and the real estate taxes and special assessments payment rate to July 1, 1985, but must not retroactively adjust the operating cost payment rate.

(d) For the purposes of Minnesota Rules, part 9549.0060, subpart 13, item E, the following types of transactions shall not be considered a sale or reorganization of a provider entity:

(1) the sale or transfer of a nursing home upon death of an owner;

(2) the sale or transfer of a nursing home due to serious illness or disability of an owner as defined under the social security act;

(3) the sale or transfer of the nursing home upon retirement of an owner at 62 years of age or older;

(4) any transaction in which a partner, owner, or shareholder acquires an interest or share of another partner, owner, or shareholder in a nursing home

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

business provided the acquiring partner, owner, or shareholder has less than 50 percent ownership after the acquisition;

(5) a sale and leaseback to the same licensee which does not constitute a change in facility license;

(6) a transfer of an interest to a trust;

(7) gifts or other transfers for no consideration;

(8) a merger of two or more related organizations;

(9) a transfer of interest in a facility held in receivership;

(10) a change in the legal form of doing business other than a publicly held organization which becomes privately held or vice versa;

(11) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing home or the issuance of stock; or

(12) an involuntary transfer including foreclosure, bankruptcy, or assignment for the benefit of creditors.

Any increase in allowable debt or allowable interest expense or other cost incurred as a result of the foregoing transactions shall be a nonallowable cost for purposes of reimbursement under Minnesota Rules, parts 9549.0010 to 9549.0080.

(e) For rate years beginning on or after July 1, 1986, the commissioner may exclude from a provision of Minnesota Rules, parts 9549.0010 to 9549.0080, any facility that is certified by the commissioner of health as an intermediate care facility, licensed by the commissioner of human services as a chemical dependency treatment program and enrolled in the medical assistance program as an institution for mental disease. The commissioner of human services shall establish a medical assistance payment rate for these facilities. Chapter 14 does not apply to the procedures and criteria used to establish the ratesetting structure. The ratesetting method is not appealable.

Sec. 12. Minnesota Statutes 1986, section 256B.50, subdivision 2, is amended to read:

Subd. 2. **APPRAISED VALUE; APPEALS BOARD.** (a) Appeals concerning the appraised value of a nursing home's real estate must be heard by a three-person appeal board appointed by the commissioner. The real estate as defined in section 256B.431, subdivision 3, must be appraised using the depreciated replacement cost method.

(b) Members of the appeals board shall be appointed by the commissioner from the list of appraisers approved for state contracts by the commissioner of administration. In making the selection, the commissioner of human services shall ensure that each member is experienced in the use of the depreciated replacement cost method and is free of any personal, political, or economic

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

conflict of interest that may impair the member's ability to function in a fair and objective manner.

(c) The appeals board shall appoint one of its members to act as chief representative and shall examine witnesses when it is necessary to make a complete record. Facts to be considered by the board are limited to those in existence at the time of the appraisal being appealed. The board shall issue a written report regarding each appeal to the commissioner within 30 days following the close of the record. The report must contain findings of fact, conclusions, and a recommended disposition based on a majority decision of the board. A copy of the report must be served upon all parties.

(d) The commissioner shall issue an order adopting, rejecting, or modifying the appeal board's recommendation within 30 days of receipt of the report. A copy of the decision must be served upon all parties.

(e) Within 30 days of receipt of the commissioner's order, the appealing party may appeal to the Minnesota court of appeals. The court's decision is limited to a determination of the appraised value of the real estate and must not include costs assessed against either party. (a) An appeal request concerning the appraised value of a nursing home's real estate as established by an appraisal conducted after July 1, 1986, shall state the appraised value the nursing home believes is correct for the building, land improvements, and attached equipment and the name and address of the firm with whom contacts may be made regarding the appeal. The appeal request shall include a separate appraisal report prepared by an independent appraiser of real estate which supports the total appraised value claimed by the nursing home. The appraisal report shall be based on an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, must be in a form comparable to that used in the commissioner's appraisal, and must pertain to the same time period covered by the appealed appraisal. The appraisal report shall include information related to the training, experience, and qualifications of the appraiser who conducted and prepared the appraisal report for the nursing home.

(b) A nursing home which has filed an appeal request prior to the effective date of this law concerning the appraised value of its real estate as established by an appraisal conducted before July 1, 1986, must submit to the commissioner the information described under paragraph (a) within 60 days of the effective date of this act in order to preserve the appeal.

(c) An appeal request which has been filed pursuant to the provisions of paragraph (a) or (b) shall be finally resolved through an agreement entered into by and between the commissioner and the nursing home or by the determination of an independent appraiser based upon an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, in a form comparable to that used in the commissioner's appraisal, and pertaining to the same time period covered by the appealed appraisal. The appraiser shall be selected by the commissioner and the nursing home by alternately striking names from a list of appraisers approved for state contracts by the commissioner of administration. The appraiser shall make assurances to the satisfaction of the

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

commissioner and the nursing home that the appraiser is experienced in the use of the depreciated cost method of appraisals and that the appraiser is free of any personal, political, or economic conflict of interest that may impair the ability to function in a fair and objective manner. The commissioner shall pay costs of the appraiser through a negotiated rate for services of the appraiser.

(d) The decision of the appraiser is final and is not appealable. Exclusive jurisdiction for appeals of the appraised value of nursing homes lies with the procedures set out in this subdivision. No court of law shall possess subject matter jurisdiction to hear appeals of appraised value determinations of nursing homes.

Sec. 13. STUDY AND REPORT.

The interagency board for quality assurance shall study the following issues and report to the legislature by December 15, 1988, on its findings and recommendations:

(1) the advisability of changing the definition of "hardship" for purposes of the nursing home moratorium;

(2) the advisability of defining the need for nursing home beds in terms of the population aged 75 and older; and

(3) the existence of a geographic maldistribution of long-term care beds and alternative care services in the state.

Sec. 14. SPECIAL PROJECTS.

Notwithstanding contrary provisions of section 256.01, subdivision 2, clause (15), for the biennium ending June 30, 1989, the maximum balance in the special projects account is increased from \$400,000 to \$1,000,000, and money in the account may be used by the commissioner for projects to accelerate the resolution of long-term care rate appeals.

Sec. 15. EFFECTIVE DATES.

Sections 1 and 2 are effective July 1, 1989. Sections 3 to 13 are effective July 1, 1987.

ARTICLE 5

Section 1. Minnesota Statutes 1986, section 245.782, subdivision 5, is amended to read:

Subd. 5. "Day care facility" means any facility, public or private, which for gain or otherwise regularly provides one or more persons with care, training, supervision, habilitation, rehabilitation, or developmental guidance on a regular basis, for periods of less than 24 hours per day, in a place other than the person's own home. Day care facilities include, but are not limited to: family day care homes, group family day care homes, day care centers, day nurseries, nursery schools, developmental achievement centers for children, day training and habilitation services for adults, day treatment programs, adult day care centers, and day services.

Sec. 2. Minnesota Statutes 1986, section 252.21, is amended to read:

252.21 COUNTY BOARDS MAY MAKE GRANTS FOR DEVELOPMENTAL ACHIEVEMENT CENTER SERVICES FOR ~~PERSONS~~ CHILDREN WITH MENTAL RETARDATION OR RELATED CONDITIONS.

In order to assist county boards in carrying out responsibilities for the provision of daytime developmental achievement center services for eligible ~~persons~~ children, the county board or boards are hereby authorized to make grants, within the limits of the money appropriated, to developmental achievement centers for services to ~~persons~~ children with mental retardation or related conditions. In order to fulfill its responsibilities to ~~persons~~ children with mental retardation or related conditions as required by ~~section~~ sections 120.17 and 256E.08, subdivision 1, a county board may, beginning January 1, 1983, contract with developmental achievement centers or other providers.

Sec. 3. Minnesota Statutes 1986, section 252.22, is amended to read:

252.22 APPLICANTS FOR ASSISTANCE; TAX LEVY.

Any city, town, ~~or governmental entity~~, nonprofit corporation, or any combination thereof, may apply to the county board for assistance in establishing and operating a developmental achievement center and program for ~~persons~~ children with mental retardation or related conditions. Application for such assistance shall be on forms supplied by the board. Each applicant shall annually submit to the board its plan and budget for the next fiscal year. No applicant shall be eligible for a grant hereunder unless its plan and budget have been approved by the board.

Any city, town, or county is authorized, at the discretion of its governing body, to make grants from special tax revenues or from its general revenue fund to any nonprofit organization, governmental or corporate, within or outside its jurisdiction, that has established a developmental achievement center for ~~persons~~ children with mental retardation or related conditions. Nothing contained

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

herein shall in any way preclude the use of funds available for this purpose under any existing statute or charter provision relating to cities, towns and counties.

Sec. 4. Minnesota Statutes 1986, section 252.23, is amended to read:

252.23 ELIGIBILITY REQUIREMENTS.

A developmental achievement center shall ~~satisfy all of the following requirements to be eligible for assistance under sections 252.21 to 252.26:~~

(1) ~~provide daytime activities for any or all of the following classes of persons: developmental services to children with mental retardation or related conditions who can benefit from the program of services; including those school age children who have been excused or excluded from school;~~

~~Children and adults with mental retardation or related conditions who are unable to attend school because of their chronological age and are unable to independently engage in ordinary community activities; and~~

(2) ~~Provide counseling services to parents or guardians of persons with mental retardation or related conditions who may register at the center;~~

(3) ~~comply with all rules duly promulgated~~ adopted by the commissioner of human services.

Sec. 5. Minnesota Statutes 1986, section 252.24, subdivision 1, is amended to read:

Subdivision 1. **SELECTION OF DEVELOPMENTAL ACHIEVEMENT CENTERS.** The county board shall administer developmental achievement services; ~~including training and habilitation services provided by licensed developmental achievement centers to residents of intermediate care facilities for the mentally retarded.~~ The county board shall ensure that transportation is provided for ~~persons~~ children who fulfill the eligibility requirements of section 252.23, clause (1), utilizing the most efficient and reasonable means available. The county board may contract for developmental achievement services and transportation from a center which is licensed under the provisions of sections 245.781 to 245.813, 252.28, and 257.175, and in the board's opinion, best provides daytime developmental achievement services for ~~persons~~ children with mental retardation or related conditions within the appropriation and ~~medical assistance~~ resources made available for this purpose. Daytime developmental achievement services administered by the county board shall comply with standards established by the commissioner pursuant to subdivision 2 and applicable federal regulations.

Sec. 6. Minnesota Statutes 1986, section 252.24, subdivision 4, is amended to read:

Subd. 4. **FEES.** The county board may, with the approval of the commis-

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

sioner, establish a schedule of fees for daytime developmental achievement services as provided in section 256E.08, subdivision 6. No ~~person~~ child, or family of a child, with mental retardation or a related condition shall be denied daytime developmental achievement services because of an inability to pay such a fee.

Sec. 7. Minnesota Statutes 1986, section 252.25, is amended to read:

252.25 BOARD OF DIRECTORS.

Every city, town, ~~or governmental entity~~, nonprofit corporation, or combination thereof, establishing a developmental achievement center for ~~persons~~ children with mental retardation or related conditions shall, before it comes under the terms of sections 252.21 to 252.26, appoint a board of directors for the center program. When any city or town singly establishes such a center, such board shall be appointed by the chief executive officer of the city or the chair of the governing board of the town. When any combination of cities, towns, or nonprofit corporations, establishes such a center, the chief executive officers of the cities or nonprofit corporations and the chair of the governing bodies of the towns shall appoint the board of directors. If a nonprofit corporation singly establishes such a center, its chief executive officer shall appoint the board of directors of the center. Membership on a board of directors while not mandatory, should be representative of local health, education and welfare departments, medical societies, mental health centers, associations concerned with mental retardation and related conditions, civic groups and the general public. Nothing in sections 252.21 to 252.26 shall be construed to preclude the appointment of elected or appointed public officials or members of the board of directors of the sponsoring nonprofit corporation to such board of directors, or public schools from administering programs under their present administrative structure.

Sec. 8. [252.40] SERVICE PRINCIPLES AND RATE-SETTING PROCEDURES FOR DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION AND RELATED CONDITIONS.

Sections 8 to 15 apply to day training and habilitation services for adults with mental retardation and related conditions when the services are authorized to be funded by a county and provided under a contract between a county board and a vendor as defined in section 9. Nothing in sections 8 to 15 absolves intermediate care facilities for persons with mental retardation or related conditions of the responsibility for providing active treatment and habilitation under federal regulations with which those facilities must comply to be certified by the Minnesota department of health.

Sec. 9. [252.41] DEFINITIONS.

Subdivision 1. SCOPE. The definitions in this section apply to sections 8 to 15.

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

Subd. 2. COMMISSIONER. "Commissioner" means the commissioner of the department of human services.

Subd. 3. DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION, RELATED CONDITIONS. "Day training and habilitation services for adults with mental retardation and related conditions" means services that:

(1) include supervision, training, assistance, and supported employment, work-related activities, or other community-integrated activities designed and implemented in accordance with the individual service and individual habilitation plans required under Minnesota Rules, parts 9525.0015 to 9525.0165, to help an adult reach and maintain the highest possible level of independence, productivity, and integration into the community;

(2) are provided under contract with the county where the services are delivered by a vendor licensed under sections 245.781 to 245.812 and 252.28, subdivision 2, to provide day training and habilitation services; and

(3) are regularly provided to one or more adults with mental retardation or related conditions in a place other than the adult's own home or residence.

Day training and habilitation services reimbursable under this section do not include special education and related services as defined in the Education of the Handicapped Act, United States Code, title 20, chapter 33, section 1401, clauses (6) and (17), or vocational services funded under section 110 of the Rehabilitation Act of 1973, United States Code, title 29, section 720, as amended.

Subd. 4. INDEPENDENCE. "Independence" means the extent to which persons with mental retardation or related conditions exert control and choice over their own lives.

Subd. 5. INTEGRATION. "Integration" means that persons with mental retardation and related conditions:

(1) use the same community resources that are used by and available to individuals who are not disabled;

(2) participate in the same community activities in which nondisabled individuals participate; and

(3) regularly interact and have contact with nondisabled individuals.

Subd. 6. PRODUCTIVITY. "Productivity" means that persons with mental retardation or a related condition:

(1) engage in income-producing work designed to improve their income level, employment status, or job advancement; or

(2) engage in activities that contribute to a business, household, or community.

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

Subd. 7. REGIONAL CENTER. "Regional center" means any one of the eight state-operated facilities under the direct administrative authority of the commissioner that serve persons with mental retardation and related conditions. The following facilities are regional centers: Anoka-Metro Regional Treatment Center; Brainerd Regional Human Services Center; Cambridge Regional Treatment Center; Faribault Regional Center; Fergus Falls Regional Treatment Center; Moose Lake Regional Treatment Center; St. Peter Regional Treatment Center; and Willmar Regional Treatment Center.

Subd. 8. SUPPORTED EMPLOYMENT. "Supported employment" means employment of a person with a disability so severe that the person needs ongoing training and support to get and keep a job in which:

(1) the person engages in paid work at a work site where individuals without disabilities who do not require public subsidies also may be employed;

(2) public funds are necessary to provide ongoing training and support services throughout the period of the person's employment; and

(3) the person has the opportunity for social interaction with individuals who do not have disabilities and who are not paid caregivers.

Subd. 9. VENDOR. "Vendor" means a nonprofit legal entity that:

(1) is licensed under sections 245.781 to 245.812 and 252.28, subdivision 2, to provide day training and habilitation services to adults with mental retardation and related conditions; and

(2) does not have a financial interest in the legal entity that provides residential services to the same person or persons to whom it provides day training and habilitation services. This clause does not apply to regional centers or vendors licensed prior to April 15, 1983.

Sec. 10. [252.42] SERVICE PRINCIPLES.

The design and delivery of services eligible for reimbursement under the rates established in section 14 should reflect the following principles:

(1) Services must suit a person's chronological age and be provided in the least restrictive environment possible, consistent with the needs identified in the person's individual service and individual habilitation plans under Minnesota Rules, parts 9525.0015 to 9525.0165.

(2) A person with mental retardation or a related condition whose individual service and individual habilitation plans authorize employment or employment-related activities shall be given the opportunity to participate in employment and employment-related activities in which nondisabled persons participate.

(3) A person with mental retardation or a related condition participating in work shall be paid wages commensurate with the rate for comparable work and productivity except as regional centers are governed by section 246.151.

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

(4) A person with mental retardation or a related condition shall receive services which include services offered in settings used by the general public and designed to increase the person's active participation in ordinary community activities.

(5) A person with mental retardation or a related condition shall participate in the patterns, conditions, and rhythms of everyday living and working that are consistent with the norms of the mainstream of society.

Sec. 11. [252.43] COMMISSIONER'S DUTIES.

The commissioner shall supervise county boards' provision of day training and habilitation services to adults with mental retardation and related conditions. The commissioner shall:

(1) determine the need for day training and habilitation services under section 252.28;

(2) approve payment rates established by a county under section 14, subdivision 1;

(3) adopt rules for the administration and provision of day training and habilitation services under sections 8 to 15 and sections 245.781 to 245.812 and 252.28, subdivision 2;

(4) enter into interagency agreements necessary to ensure effective coordination and provision of day training and habilitation services;

(5) monitor and evaluate the costs and effectiveness of day training and habilitation services; and

(6) provide information and technical help to county boards and vendors in their administration and provision of day training and habilitation services.

Sec. 12. [252.44] COUNTY BOARD RESPONSIBILITIES.

(a) When the need for day training and habilitation services in a county has been determined under section 252.28, the board of commissioners for that county shall:

(1) authorize the delivery of services according to the individual service and habilitation plans required as part of the county's provision of case management services under Minnesota Rules, parts 9525.0015 to 9525.0165. For calendar years for which section 252.46, subdivisions 2 to 10, apply, the county board shall not authorize a change in service days from the number of days authorized for the previous calendar year unless there is documentation for the change in the individual service plan. An increase in service days must also be supported by documentation that the goals and objectives assigned to the vendor cannot be met more economically and effectively by other available community services and that without the additional days of service the individual service plan could

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

not be implemented in a manner consistent with the service principles in section 252.42;

(2) contract with licensed vendors, as specified in paragraph (b), under sections 256E.01 to 256E.12 and 256B.092 and rules adopted under those sections;

(3) ensure that transportation is provided or arranged by the vendor in the most efficient and reasonable way possible;

(4) set payment rates under section 14;

(5) monitor and evaluate the cost and effectiveness of the services; and

(6) reimburse vendors for the provision of authorized services according to the rates, procedures, and regulations governing reimbursement.

(b) With all vendors except regional centers, the contract must include the approved payment rates, the projected budget for the contract period, and any actual expenditures of previous and current contract periods. With all vendors, including regional centers, the contract must also include the amount, availability, and components of day training and habilitation services to be provided, the performance standards governing service provision and evaluation, and the time period in which the contract is effective.

Sec. 13. [252.45] VENDOR'S DUTIES.

A vendor's responsibility under clauses (1), (2), and (3) extends only to the provision of services that are reimbursable under state and federal law. A vendor under contract with a county board to provide day training and habilitation services shall:

(1) provide the amount and type of services authorized in the individual service plan and specified in the individual habilitation plan under Minnesota Rules, parts 9525.0015 to 9525.0165;

(2) design the services to achieve the outcomes assigned to the vendor in the individual service plan and specified in the individual habilitation plan;

(3) provide or arrange for transportation of persons receiving services to and from service sites;

(4) enter into agreements with community-based intermediate care facilities for persons with mental retardation and related conditions to ensure compliance with applicable federal regulations; and

(5) comply with state and federal law.

Sec. 14. [252.46] PAYMENT RATES.

Subdivision 1. RATES ESTABLISHED THROUGH 1988. Payment rates

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

to vendors, except regional centers, for county-funded day training and habilitation services and transportation provided to persons receiving day training and habilitation services established by a county board before January 1, 1989, are governed by subdivisions 2 to 10.

"Payment rate" as used in subdivisions 2 to 10 refers to three kinds of payment rates: a full-day service rate for persons who receive at least six service hours a day, including the time it takes to transport the person to and from the service site; a partial-day service rate that must not exceed 75 percent of the full-day service rate for persons who receive less than a full day of service; and a transportation rate for providing, or arranging and paying for, transportation of a person to and from the person's residence to the service site.

Subd. 2. [1987 AND 1988 MINIMUM.] Unless a variance is granted under subdivision 6, the minimum payment rates set by a county board for each vendor for 1987 and 1988 must be equal to the payment rates approved by the commissioner for that vendor in effect January 1, 1986, and January 1, 1987, respectively.

Subd. 3. [1987 AND 1988 MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for 1987 and 1988 must be equal to the payment rates approved by the commissioner for that vendor in effect December 1, 1986, and December 1, 1987, respectively, increased by no more than the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year.

Subd. 4. NEW VENDORS. Payment rates established by a county before January 1, 1989, for a new vendor for which there were no previous rates must not exceed 125 percent of the average payment rates in the regional development commission district under sections 462.381 to 462.396 in which the new vendor is located.

Subd. 5. SUBMITTING RECOMMENDED RATES. The county board shall submit recommended payment rates to the commissioner on forms supplied by the commissioner by November 1, 1987, and at least 60 days before revised payment rates or payment rates for new vendors are to be effective. The forms must require the county board's written verification of the individual documentation required under section 12, clause (a). If the number of days of service provided by a licensed vendor are projected to increase, the county board must recommend payment rates based on the projected increased days of attendance and resulting lower per unit fixed costs. If a vendor provides services at more than one licensed site, the county board may recommend the same payment rates for each site based on the average rate for all sites. The county board may also recommend differing payment rates for each licensed site if it would result in a total annual payment to the vendor that is equal to or less than the total annual payment that would result if the average rates had been used for all sites. For purposes of this subdivision, the average payment rate for all service sites used by a vendor must be computed by adding the amounts that result when the payment rates for each licensed site are multiplied by the

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

projected annual number of service units to be provided at that site and dividing the sum of those amounts by the total units of service to be provided by the vendor at all sites.

Subd. 6. VARIANCES. A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request with the recommended payment rates. The county board shall review all vendors' payment rates that are 20 percent lower than the average rates for the regional development commission district to which the county belongs. If the county determines that the payment rates do not provide sufficient revenue to the vendor for authorized service delivery the county must recommend a variance under this section. This review must occur prior to November 1, 1987. When the county board contracts for increased services from any vendor for some or all individuals receiving services from the vendor, the county board shall review the vendor's payment rates to determine whether the increase requires that a variance to the minimum rates be recommended under this section to reflect the vendor's lower per unit fixed costs. The written variance request must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates to change the number of direct service staff or the level of qualifications of the staff.

(2) The proposed changes are required for the vendor to deliver authorized individual services in an effective and efficient manner.

(3) The proposed changes demonstrate compliance with minimum licensing standards governing minimum staffing ratios and staff qualifications.

(4) The vendor documents that the change in staff numbers or qualifications cannot be achieved by reallocating current staff or by reallocating financial resources to provide or purchase the necessary services.

(5) The county board submits evidence that the need for additional staff cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(6) The county board submits a description of the nature and cost of the proposed changes. Allowable costs are limited to salaries, related fringe benefits, and payroll taxes.

(7) The county board's recommended payment rates do not exceed 125 percent of the average payment rates in the regional development commission district in which the vendor is located.

Subd. 7. TIME REQUIREMENTS AND APPEALS PROCESS FOR VARIANCES. The commissioner shall notify in writing county boards requesting variances within 60 days of receiving the variance request from the county

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

board. The notification shall give reasons for denial of the variance, if it is denied.

Subd. 8. COMMISSIONER'S NOTICE TO BOARDS, VENDORS. The commissioner shall notify the county boards and vendors of:

(1) the average regional payment rates and 125 percent of the average regional payments rates for each of the regional development commission districts designated in sections 462.381 to 462.396; and

(2) the projected inflation rate for the year in which the rates will be effective equal to the most recent projected change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year.

Subd. 9. APPROVAL OR DENIAL OF RATES. The commissioner shall approve the county board's recommended payment rates when the rates and verification justifying the projected service units comply with subdivisions 2 to 10. The commissioner shall notify the county board in writing of the approved payment rates within 60 days of receipt of the rate recommendations. If the rates are not approved, or if rates different from those originally recommended are approved, the commissioner shall within 60 days of receiving the rate recommendation notify the county board in writing of the reasons for denying or substituting a different rate for the recommended rates. Approved payment rates remain effective until the commissioner approves different rates in accordance with subdivisions 2 and 3.

Subd. 10. VENDOR'S REPORT; AUDIT. The vendor shall report to the commissioner and the county board on forms prescribed by the commissioner at times specified by the commissioner. The reports shall include programmatic and fiscal information. Fiscal information shall be provided in accordance with an annual audit that complies with the requirements of Minnesota Rules, parts 9550.0010 to 9550.0092. The audit must be done in accordance with generally accepted auditing standards to result in statements that include a balance sheet, income statement, changes in financial position, and the certified public accountant's opinion.

Subd. 11. IMPROPER TRANSACTIONS. Transactions that have the effect of circumventing subdivisions 1 to 10 must not be considered by the commissioner for the purpose of payment rate approval under the principle that the substance of the transaction prevails over the form.

Subd. 12. RATES ESTABLISHED AFTER 1988. Payment rates established by a county board on or after January 1, 1989, must be determined under permanent rules adopted by the commissioner. No county shall pay a rate that is less than the minimum rate determined by the commissioner.

In developing procedures for setting minimum payment rates and procedures for establishing payment rates, the commissioner shall consider the following factors:

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

- (1) a vendor's payment rate and historical cost in the previous year;
- (2) current economic trends and conditions;
- (3) costs that a vendor must incur to operate efficiently, effectively and economically and still provide training and habilitation services that comply with quality standards required by state and federal regulations;
- (4) increased liability insurance costs;
- (5) costs incurred for the development and continuation of supported employment services;
- (6) cost variations in providing services to people with different needs;
- (7) the adequacy of reimbursement rates that are more than 15 percent below the statewide average; and
- (8) other appropriate factors.

The commissioner may develop procedures to establish differing hourly rates that take into account variations in the number of clients per staff hour, to assess the need for day training and habilitation services, and to control the utilization of services.

In developing procedures for setting transportation rates, the commissioner may consider allowing the county board to set those rates or may consider developing a uniform standard.

Medical assistance rates for home and community-based services provided under section 256B.501 by licensed vendors of day training and habilitation services must not be greater than the rates for the same services established by counties under sections 8 to 15.

Sec. 15. [252.47] RULES.

To implement sections 8 to 15, the commissioner shall adopt permanent rules under sections 14.01 to 14.38. The commissioner shall establish an advisory task force to advise and make recommendations to the commissioner during the rulemaking process. The advisory task force must include legislators, vendors, residential service providers, counties, consumers, department personnel, and others as determined by the commissioner.

Sec. 16. Minnesota Statutes 1986, section 256B.02, subdivision 8, is amended to read:

Subd. 8. **MEDICAL ASSISTANCE; MEDICAL CARE.** "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 this cost:

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

(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement. The list is not subject to the requirements of sections 14.01 to 14.70. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section ~~256B.50, subdivision 1~~ 252.41, subdivision 3, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and X-ray services;

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

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall 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 July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, 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 human services, 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. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner. Actual acquisition cost includes quantity and other special discounts

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

except time and cash discounts. Establishment of this fee shall not be subject to the requirements of the administrative procedure act. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act;

(14) 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;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency 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 nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

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

(17) Personal care attendant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care attendants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20.

Sec. 17. Minnesota Statutes 1986, section 256B.501, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For the purposes of this section, the following terms have the meaning given them.

(a) "Commissioner" means the commissioner of human services.

(b) "Facility" means a facility licensed as a mental retardation residential facility under section 252.28, licensed as a supervised living facility under chapter 144, and certified as an intermediate care facility for persons with mental retardation or related conditions.

(c) "Waivered service" means home or community-based service authorized under United States Code, title 42, section 1396n(c), as amended through December 31, 1982, and defined in the Minnesota state plan for the provision of medical assistance services. Waivered services include, at a minimum, case management, family training and support, developmental training homes, supervised living arrangements, semi-independent living services, respite care, and training and habilitation services.

(d) "~~Training and habilitation services~~" are those health and social services needed to ensure optimal functioning of persons with mental retardation or related conditions. ~~Training and habilitation services shall be provided to a client away from the residence unless medically contraindicated by an organization which does not have a direct or indirect financial interest in the organization which provides the person's residential services. This requirement shall not apply to any developmental achievement center which has applied for licensure prior to April 15, 1983.~~

Sec. 18. Minnesota Statutes 1986, section 256B.501, subdivision 2, is amended to read:

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

Subd. 2. **AUTHORITY.** The commissioner shall establish procedures and rules for determining rates for care of residents of intermediate care facilities for persons with mental retardation or related conditions which qualify as ~~vendors~~ providers of medical assistance; and ~~waivered services; and for provision of training and habilitation services.~~ Approved rates shall be established on the basis of methods and standards that the commissioner finds adequate to provide for the costs that must be incurred for the quality care of residents in efficiently and economically operated facilities and services. The procedures shall specify the costs that are allowable for payment through medical assistance. The commissioner may use experts from outside the department in the establishment of the procedures.

Sec. 19. Minnesota Statutes 1986, section 256B.501, subdivision 8, is amended to read:

Subd. 8. **PAYMENT FOR PERSONS WITH SPECIAL NEEDS.** The commissioner shall establish by December 31, 1983, procedures to be followed by the counties to seek authorization from the commissioner for medical assistance reimbursement ~~for waivered services or training and habilitation services~~ for very dependent persons with special needs in an amount in excess of the rates allowed pursuant to subdivisions 2; and 4, 5, and 6; including rates established under section 252.46 when they apply to services provided to residents of intermediate care facilities for persons with mental retardation or related conditions, and procedures to be followed for rate limitation exemptions for intermediate care facilities for persons with mental retardation or related conditions. No excess payment or limitation exemption shall be authorized unless the need for the service is documented in the individual service plan of the person or persons to be served, the type and duration of the services needed are stated, and there is a basis for estimated cost of the services.

The commissioner shall evaluate the services provided pursuant to this subdivision through program and fiscal audits.

Sec. 20. Minnesota Statutes 1986, section 256E.09, subdivision 3, is amended to read:

Subd. 3. **PLAN CONTENT.** The biennial community social services plan published by the county shall include:

(a) A statement of the goals of community social service programs in the county;

(b) Methods used pursuant to subdivision 2 to encourage participation of citizens and providers in the development of the plan and the allocation of money;

(c) Methods used to identify persons in need of service and the social problems to be addressed by the community social service programs, including efforts the county proposes to make in providing for early intervention, preven-

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

tion and education aimed at minimizing or eliminating the need for services for groups of persons identified in section 256E.03, subdivision 2;

(d) A statement describing how the county will fulfill its responsibilities identified in section 256E.08, subdivision 1 to the groups of persons described in section 256E.03, subdivision 2, and a description of each community social service proposed and identification of the agency or person proposed to provide the service. The plan shall specify how the county proposes to make the following services available for persons identified by the county as in need of services: daytime developmental achievement services for children, day training and habilitation services for adults, subacute detoxification services, residential services and nonresidential social support services as appropriate for the groups identified in section 256E.03, subdivision 2;

(e) The amount of money proposed to be allocated to each service;

(f) An inventory of public and private resources including associations of volunteers which are available to the county for social services;

(g) Evidence that serious consideration was given to the purchase of services from private and public agencies; and

(h) Methods whereby community social service programs will be monitored and evaluated by the county.

Sec. 21. TASK FORCE.

Subdivision 1. TASK FORCE CREATED. The director of the state planning agency shall form and chair a task force to review and make recommendations by February 1, 1988, regarding the appropriate roles of development achievement centers and sheltered workshops in providing supported work opportunities to people with disabilities.

Subd. 2. MEMBERSHIP. The task force must include the chairs of the health and human services committees of the Minnesota senate and house of representatives, or their designees, sheltered workshops, developmental achievement centers, county government, the departments of human services and jobs and training, the special education unit of the department of education, the state planning agency, advocacy organizations and the Minnesota supported employment project advisory committee. The state planning agency shall consult with the associations representing sheltered workshops and developmental achievement centers and attempt to select service provider members representing all programmatic and philosophical perspectives.

Subd. 3. EXTENDED EMPLOYMENT PROGRAMS. For purposes of this section, "extended employment programs" means programs providing paid work and service hours as a step in the rehabilitation process for those who cannot readily be absorbed in the competitive labor market, or during such time as employment opportunities for them in the competitive labor market do not exist. Extended employment programs include the following:

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

(1) long-term employment programs as defined at Minnesota Rules, part 3300.2050, subpart 16;

(2) work activity programs as defined at Minnesota Rules, part 3300.2050, subpart 33;

(3) work component programs as defined at Minnesota Rules, part 3300.2050, subpart 34;

(4) community-based employment programs as defined at Minnesota Rules, part 3300.2050, subpart 3.

Subd. 4. SCOPE OF THE TASK FORCE. The task force shall review and make recommendations to the legislature and affected state departments on the following:

(1) the role and function of developmental achievement centers, sheltered workshops, and other services providing employment to people who are severely disabled;

(2) mechanisms for identifying and placing clients in appropriate services;

(3) current and recommended funding methods for developmental achievement centers and extended employment programs and the relationship between funding and placement of clients;

(4) current regulations and program standards including accountability requirements and outcome measures. Recommendations for common standards for all similar programs shall be included;

(5) improved ways of providing employment services to all disabled persons regardless of the severity of their disabilities, including persons not currently receiving services through existing programs; and

(6) the need and scope of demonstration projects to determine how existing funding can be consolidated or unified to expand community-based/supported employment opportunities for persons with severe disabilities and whether specific rule waiver authority is required to accomplish this purpose.

Subd. 5. COSTS. The costs of the task force, if any, shall be shared equally by the state planning agency, the department of human services, and the department of jobs and training.

Subd. 6. COOPERATION OF STATE DEPARTMENTS. The commissioners shall cooperate with the task force and provide information and support as requested.

Sec. 22. REPEALER.

(a) Minnesota Statutes 1986, sections 256B.501, subdivisions 5, 6, 7, and 9; and 256E.06, subdivision 2a, are repealed.

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

(b) Minnesota Rules, parts 9525.1210, subparts 11 and 12; 9525.1230, subpart 2; 9525.1260; 9525.1270; 9525.1280; and 9525.1310, are repealed.

Sec. 23. EFFECTIVE DATE.

Except as otherwise provided in section 14, sections 1 to 21 are effective the day following final enactment. The rates established under section 14, subdivision 11, are effective January 1, 1989. Except as specifically repealed by this act, the provisions of Minnesota Rules, parts 9525.1200 to 9525.1330 remain in effect until amended or repealed by the commissioner.

Approved June 12, 1987

CHAPTER 404—H.F.No. 1315

An act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; amending Minnesota Statutes 1986, section 2.722, subdivision 1; 3.30, subdivision 2; 3.303, subdivision 5; 3.85, subdivision 12; 3C.035, subdivisions 1 and 2; 3C.11, subdivision 2; 3C.12, subdivision 7; 8.15; 14.08; 14.26; 15A.081, subdivisions 1, 7, and 7b; 15A.083, subdivision 4; 16A.127, subdivision 8; 16A.85, by adding a subdivision; 16B.20, subdivision 2; 16B.41; 16B.42, subdivision 4; 18.171, subdivisions 1, 5, and by adding a subdivision; 18.241, subdivision 2; 18.291; 18.311; 69.021, subdivision 5; 84.01, subdivision 3; 84.0272; 84.091, subdivision 3; 84.83, subdivision 3; 85.30; 85.41; 85.42; 85.43; 85.45; 85A.02, subdivision 5a; 85A.04, subdivision 1; 88.065; 92.46, subdivision 1; 92.67, subdivisions 1, 3, 4, and by adding a subdivision; 93.335, subdivision 4; 97A.061, subdivision 1; 97A.065, subdivision 2; 97A.105, subdivision 1; 97A.445, subdivision 1; 97A.475, subdivisions 2, 3, 6, 7, 8, 9, 11, 12, 13, and 20; 97A.485, subdivision 6; 97C.211, by adding a subdivision; 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.49; 115A.51; 115A.52; 115A.53; 115A.917; 116.41, subdivision 2; 116C.712, by adding a subdivision; 161.1419, subdivision 4; 168.012, subdivision 1c; 175A.07, subdivision 2; 176.611, subdivisions 2, 6a, and by adding a subdivision; 197.481, subdivision 5; 204B.11, subdivision 1; 214.04, subdivision 3; 221.67; 271.01, by adding a subdivision; 273.1314, subdivision 16a; 296.16, subdivision 1; 296.421, subdivision 5; 298.22, subdivision 1; 302A.011, subdivision 11; 302A.153; 303.07, subdivision 2; 303.13, subdivision 1; 303.21, subdivision 3; 317.67, subdivisions 2 and 3; 322A.16; 322A.71; 330.11, subdivision 3; 333.055, subdivision 3; 403.11, subdivision 1; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.351, by adding a subdivision; 480.15, by adding a subdivision; 480.241; 480A.08, subdivision 3; 484.68, subdivisions 3 and 5; 540.152; 543.08; 609.101; 626.861, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 16A; 18; 43A; 84; 86; 89; 93; 97A; 97C; 115A; 480; 481; and 484; repealing Minnesota Statutes 1986, sections 3.099, subdivision 2; 3.9226,

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