

**CHAPTER 155—H.F.No. 2448**

*An act relating to forecast adjustments; making forecast adjustments for prekindergarten through grade 12 education and human services programs; providing for human services savings; appropriating money; amending Minnesota Statutes 2004, sections 256B.0595, subdivision 2; 256B.0625, subdivisions 13e, 13f, by adding subdivisions; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 2, as amended; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 3, as amended; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 5, as amended; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 6, as amended; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 11, as amended; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 12, as amended; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 2, as amended; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 5, as amended; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 7, as amended; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 8; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 9, as amended; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 12, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 2; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 4, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 5, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 6, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 7, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 8, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 9, as amended; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 10; Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 2, as amended; Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 3, as amended; Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 4; Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 2, as amended; Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 3, as amended; Laws 2003, First Special Session chapter 9, article 6, section 4, as amended; Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 2; Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 3, as amended; Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 4; Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 2, as amended; Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 3; Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 5, as amended; Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 501B.*

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

New language is indicated by underline, deletions by ~~strikeout~~.

## ARTICLE 1

## PREKINDERGARTEN THROUGH GRADE 12 EDUCATION

## A. FORECAST ADJUSTMENTS

Section 1. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 1, is amended to read:

Subd. 2. **GENERAL EDUCATION AID.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$4,726,466,000	.....	2004
<del>\$5,026,983,000</del>	<u>\$5,281,781,000</u>	..... 2005

The 2004 appropriation includes \$860,552,000 for 2003 and \$3,865,914,000 for 2004.

The 2005 appropriation includes ~~\$1,009,822,000~~ \$1,009,526,000 for 2004 and ~~\$4,017,161,000~~ \$4,272,255,000 for 2005.

Sec. 2. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 3, as amended by Laws 2004, chapter 272, article 1, section 2, is amended to read:

Subd. 3. **REFERENDUM TAX BASE REPLACEMENT AID.** For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

\$8,096,000	.....	2004
<del>\$8,596,000</del>	<u>\$9,007,000</u>	..... 2005

The 2004 appropriation includes \$1,419,000 for 2003 and \$6,677,000 for 2004.

The 2005 appropriation includes \$1,669,000 for 2004 and ~~\$6,927,000~~ \$7,338,000 for 2005.

Sec. 3. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 5, as amended by Laws 2004, chapter 272, article 1, section 3, is amended to read:

Subd. 5. **ABATEMENT REVENUE.** For abatement aid under Minnesota Statutes, section 127A.49:

\$2,436,000	.....	2004
<del>\$1,559,000</del>	<u>\$1,498,000</u>	..... 2005

The 2004 appropriation includes \$472,000 for 2003 and \$1,964,000 for 2004.

The 2005 appropriation includes \$491,000 for 2004 and ~~\$1,068,000~~ \$1,007,000 for 2005.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 4. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 6, as amended by Laws 2004, chapter 272, article 1, section 4, is amended to read:

Subd. 6. **CONSOLIDATION TRANSITION.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$ 35,000 ..... 2004

~~\$145,000~~ \$0- ..... 2005

The 2004 appropriation includes \$35,000 for 2003 and \$0 for 2004.

The 2005 appropriation includes \$0 for 2004 and ~~\$145,000~~ for 2005.

Sec. 5. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 11, as amended by Laws 2004, chapter 272, article 1, section 5, is amended to read:

Subd. 11. **NONPUBLIC PUPIL AID.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$14,411,000 ..... 2004

~~\$15,072,000~~ \$15,304,000 ..... 2005

The 2004 appropriation includes \$2,715,000 for 2003 and \$11,696,000 for 2004.

The 2005 appropriation includes \$2,923,000 for 2004 and ~~\$12,149,000~~ \$12,381,000 for 2005.

Sec. 6. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 12, as amended by Laws 2004, chapter 272, article 1, section 6, is amended to read:

Subd. 12. **NONPUBLIC PUPIL TRANSPORTATION.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$20,471,000 ..... 2004

~~\$21,421,000~~ \$21,703,000 ..... 2005

The 2004 appropriation includes \$3,990,000 for 2003 and \$16,481,000 for 2004.

The 2005 appropriation includes \$4,120,000 for 2004 and ~~\$17,301,000~~ \$17,583,000 for 2005.

## B. EDUCATION EXCELLENCE

Sec. 7. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 7, is amended to read:

Subd. 2. **CHARTER SCHOOL BUILDING LEASE AID.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$16,753,000 ..... 2004

New language is indicated by underline, deletions by ~~strikeout~~.

~~\$21,347,000~~ \$21,410,000 ..... 2005

The 2004 appropriation includes \$2,524,000 for 2003 and \$14,229,000 for 2004.

The 2005 appropriation includes \$3,557,000 for 2004 and \$17,790,000 ~~\$17,853,000~~ for 2005.

Sec. 8. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 5, as amended by Laws 2004, chapter 272, article 1, section 10, is amended to read:

Subd. 5. **INTEGRATION AID.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$55,911,000 ..... 2004

~~\$55,893,000~~ \$57,756,000 ..... 2005

The 2004 appropriation includes \$8,428,000 for 2003 and \$47,483,000 for 2004.

The 2005 appropriation includes \$11,870,000 for 2004 and \$44,023,000 ~~\$45,886,000~~ for 2005.

Sec. 9. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 7, as amended by Laws 2004, chapter 272, article 1, section 11, is amended to read:

Subd. 7. **MAGNET SCHOOL STARTUP AID.** For magnet school startup aid under Minnesota Statutes, section 124D.88:

\$ 37,000 ..... 2004

~~\$ 40,000~~ ..... 2005

The 2004 appropriation includes \$37,000 for 2003 and \$0 for 2004.

The 2005 appropriation includes \$0 for 2004 and \$40,000 for 2005.

Sec. 10. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 8, is amended to read:

Subd. 8. **INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION GRANTS.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$5,796,000 ..... 2004

~~\$8,401,000~~ \$5,279,000 ..... 2005

Sec. 11. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 9, as amended by Laws 2004, chapter 272, article 1, section 12, is amended to read:

Subd. 9. **SUCCESS FOR THE FUTURE.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$2,061,000 ..... 2004

~~\$2,137,000~~ \$2,229,000 ..... 2005

New language is indicated by underline, deletions by ~~strikeout~~.

The 2004 appropriation includes \$351,000 for 2003 and \$1,710,000 for 2004.

The 2005 appropriation includes \$427,000 for 2004 and ~~\$1,710,000~~ \$1,802,000 for 2005.

Sec. 12. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 12, as amended by Laws 2004, chapter 272, article 1, section 13, is amended to read:

Subd. 12. **TRIBAL CONTRACT SCHOOLS.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$1,617,000 ..... 2004  
~~\$2,185,000~~ \$2,203,000 ..... 2005

The 2004 appropriation includes \$285,000 for 2003 and \$1,332,000 for 2004.

The 2005 appropriation includes \$333,000 for 2004 and ~~\$1,852,000~~ \$1,870,000 for 2005.

### C. SPECIAL PROGRAMS

Sec. 13. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 2, is amended to read:

Subd. 2. **SPECIAL EDUCATION; REGULAR.** For special education aid under Minnesota Statutes, section 125A.75:

\$515,091,000 ..... 2004  
~~\$529,460,000~~ \$552,214,000 ..... 2005

The 2004 appropriation includes \$90,577,000 for 2003 and \$424,514,000 for 2004.

The 2005 appropriation includes \$106,128,000 for 2004 and ~~\$423,332,000~~ \$446,086,000 for 2005.

Sec. 14. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 4, as amended by Laws 2004, chapter 272, article 1, section 14, is amended to read:

Subd. 4. **AID FOR CHILDREN WITH DISABILITIES.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$2,311,000 ..... 2004  
~~\$2,550,000~~ \$3,155,000 ..... 2005

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

Sec. 15. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 5, as amended by Laws 2004, chapter 272, article 1, section 15, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 5. **TRAVEL FOR HOME-BASED SERVICES.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$173,000	.....	2004
<del>\$178,000</del> <u>\$187,000</u>	.....	2005

The 2004 appropriation includes \$34,000 for 2003 and \$139,000 for 2004.

The 2005 appropriation includes \$34,000 for 2004 and ~~\$144,000~~ \$153,000 for 2005.

Sec. 16. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 6, as amended by Laws 2004, chapter 272, article 1, section 16, is amended to read:

Subd. 6. **SPECIAL EDUCATION; EXCESS COSTS.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$92,605,000	.....	2004
<del>\$92,799,000</del> <u>\$95,572,000</u>	.....	2005

The 2004 appropriation includes \$41,754,000 for 2003 and \$50,851,000 for 2004.

The 2005 appropriation includes \$41,216,000 for 2004 and ~~\$51,583,000~~ \$54,356,000 for 2005.

Sec. 17. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 7, as amended by Laws 2004, chapter 272, article 1, section 17, is amended to read:

Subd. 7. **LITIGATION COSTS FOR SPECIAL EDUCATION.** For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

\$201,000	.....	2004
<del>\$150,000</del> <u>\$109,000</u>	.....	2005

Sec. 18. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 8, as amended by Laws 2004, chapter 272, article 1, section 18, is amended to read:

Subd. 8. **TRANSITION FOR DISABLED STUDENTS.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$8,570,000	.....	2004
<del>\$8,760,000</del> <u>\$9,176,000</u>	.....	2005

The 2004 appropriation includes \$1,516,000 for 2003 and \$7,054,000 for 2004.

The 2005 appropriation includes \$1,763,000 for 2004 and ~~\$6,997,000~~ \$7,413,000 for 2005.

Sec. 19. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 9, as amended by Laws 2004, chapter 272, article 1, section 19, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 9. **COURT-PLACED SPECIAL EDUCATION REVENUE.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$36,000 ..... 2004  
~~\$61,000~~ \$62,000 ..... 2005

Sec. 20. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 10, is amended to read:

Subd. 10. **OUT-OF-STATE TUITION SPECIAL EDUCATION.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$250,000 ..... 2004  
~~\$250,000~~ \$208,000 ..... 2005

#### D. FACILITIES AND TECHNOLOGY

Sec. 21. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 21, is amended to read:

Subd. 2. **HEALTH AND SAFETY REVENUE.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$5,356,000 ..... 2004  
~~\$1,920,000~~ \$2,099,000 ..... 2005

The 2004 appropriation includes \$1,516,000 for 2003 and \$3,840,000 for 2004.

The 2005 appropriation includes \$960,000 for 2004 and ~~\$960,000~~ \$1,139,000 for 2005.

Sec. 22. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 3, as amended by Laws 2004, chapter 272, article 1, section 22, is amended to read:

Subd. 3. **DEBT SERVICE EQUALIZATION.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$35,598,000 ..... 2004  
~~\$31,220,000~~ \$32,495,000 ..... 2005

The 2004 appropriation includes \$5,586,000 for 2003 and \$30,012,000 for 2004.

The 2005 appropriation includes \$7,503,000 for 2004 and ~~\$23,717,000~~ \$24,992,000 for 2005.

Sec. 23. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 4, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 4. **ALTERNATIVE FACILITIES BONDING AID.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$18,708,000 ..... 2004

~~\$19,287,000~~ \$20,116,000 ..... 2005

The 2004 appropriation includes \$3,278,000 for 2003 and \$15,430,000 for 2004.

The 2005 appropriation includes \$3,857,000 for 2004 and \$15,430,000 \$16,259,000 for 2005.

#### E. NUTRITION, SCHOOL ACCOUNTING, OTHER PROGRAMS

Sec. 24. Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 23, is amended to read:

Subd. 2. **SCHOOL LUNCH.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$7,650,000 ..... 2004

~~\$7,760,000~~ \$7,671,000 ..... 2005

Sec. 25. Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 3, as amended by Laws 2004, chapter 272, article 1, section 24, is amended to read:

Subd. 3. **TRADITIONAL SCHOOL BREAKFAST; KINDERGARTEN MILK.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$4,382,000 ..... 2004

~~\$4,460,000~~ \$4,548,000 ..... 2005

#### F. LIBRARIES

Sec. 26. Laws 2003, First Special Session chapter 9, article 6, section 4, as amended by Laws 2004, chapter 272, article 1, section 25, and Laws 2004, chapter 286, section 3, is amended to read:

##### Sec. 4. APPROPRIATIONS.

Subdivision 1. **DEPARTMENT OF EDUCATION.** The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. **BASIC SYSTEM SUPPORT.** For basic system support grants under Minnesota Statutes, section 134.355:

\$8,312,000 ..... 2004

~~\$8,570,000~~ \$8,939,000 ..... 2005

The 2004 appropriation includes \$1,456,000 for 2003 and \$6,856,000 for 2004.

New language is indicated by underline, deletions by ~~strikeout~~.



The 2005 appropriation includes \$1,714,000 for 2004 and ~~\$6,856,000~~ \$7,225,000 for 2005.

Subd. 3. **REGIONAL LIBRARY TELECOMMUNICATIONS AID.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$960,000 ..... 2004

~~\$1,200,000~~ \$1,252,000 ..... 2005

The 2004 appropriation includes \$960,000 for 2004.

The 2005 appropriation includes \$240,000 for 2004 and ~~\$960,000~~ \$1,012,000 for 2005.

Subd. 4. **MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.** For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$876,000 ..... 2004

~~\$903,000~~ \$942,000 ..... 2005

The 2004 appropriation includes \$153,000 for 2003 and \$723,000 for 2004.

The 2005 appropriation includes \$180,000 for 2004 and ~~\$723,000~~ \$762,000 for 2005.

Subd. 5. **ELECTRONIC LIBRARY FOR MINNESOTA.** For statewide licenses to on-line databases selected in cooperation with the higher education services office for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$400,000 ..... 2004

\$400,000 ..... 2005

Any balance in the first year does not cancel but is available in the second year.

### G. EARLY CHILDHOOD FAMILY SUPPORT

Sec. 27. Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 2, is amended to read:

Subd. 2. **SCHOOL READINESS.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$ 9,536,000 ..... 2004

~~\$9,258,000~~ \$9,594,000 ..... 2005

The 2004 appropriation includes \$1,605,000 for 2003 and \$7,931,000 for 2004.

The 2005 appropriation includes \$1,982,000 for 2004 and ~~\$7,276,000~~ \$7,612,000 for 2005.

Sec. 28. Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 3, as amended by Laws 2004, chapter 272, article 1, section 26, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 3. **EARLY CHILDHOOD FAMILY EDUCATION AID.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$19,079,000 ..... 2004

~~\$14,407,000~~ \$13,956,000 ..... 2005

The 2004 appropriation includes \$3,239,000 for 2003 and \$15,840,000 for 2004.

The 2005 appropriation includes \$3,959,000 for 2004 and ~~\$10,448,000~~ \$9,997,000 for 2005.

Sec. 29. Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 4, is amended to read:

Subd. 4. **HEALTH AND DEVELOPMENTAL SCREENING AID.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$2,581,000 ..... 2004

~~\$2,661,000~~ \$2,776,000 ..... 2005

The 2004 appropriation includes \$452,000 for 2003 and \$2,129,000 for 2004.

The 2005 appropriation includes \$532,000 for 2004 and ~~\$2,129,000~~ \$2,244,000 for 2005.

## H. PREVENTION

Sec. 30. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 27, is amended to read:

Subd. 2. **COMMUNITY EDUCATION AID.** For community education aid under Minnesota Statutes, section 124D.20:

\$5,351,000 ..... 2004

~~\$3,137,000~~ \$3,198,000 ..... 2005

The 2004 appropriation includes \$956,000 for 2003 and \$4,395,000 for 2004.

The 2005 appropriation includes \$1,098,000 for 2004 and ~~\$2,039,000~~ \$2,100,000 for 2005.

Sec. 31. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 3, is amended to read:

Subd. 3. **ADULTS WITH DISABILITIES PROGRAM AID.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$688,000 ..... 2004

~~\$710,000~~ \$741,000 ..... 2005

The 2004 appropriation includes \$120,000 for 2003 and \$568,000 for 2004.

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The 2005 appropriation includes \$142,000 for 2004 and ~~\$568,000~~ \$599,000 for 2005.

Sec. 32. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 5, as amended by Laws 2004, chapter 272, article 1, section 28, is amended to read:

Subd. 5. **SCHOOL-AGE CARE REVENUE.** For extended day care aid under Minnesota Statutes, section 124D.22:

\$40,000	.....	2004
<del>\$24,000</del> \$30,000	.....	2005

The 2004 appropriation includes \$14,000 for 2003 and \$26,000 for 2004.

The 2005 appropriation includes \$6,000 for 2004 and ~~\$18,000~~ \$24,000 for 2005.

### I. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 33. Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2, as amended by Laws 2004, chapter 272, article 1, section 29, is amended to read:

Subd. 2. **ADULT BASIC EDUCATION AID.** For adult basic education aid under Minnesota Statutes, section 124D.52, in fiscal year 2004 and Minnesota Statutes, section 124D.531, in fiscal year 2005:

\$33,014,000	.....	2004
<del>\$35,808,000</del> \$37,444,000	.....	2005

The 2004 appropriation includes \$5,827,000 for 2003 and \$27,187,000 for 2004.

The 2005 appropriation includes \$6,796,000 for 2004 and ~~\$29,012,000~~ \$30,648,000 for 2005.

Sec. 34. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

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## ARTICLE 2

### HUMAN SERVICES FORECAST ADJUSTMENTS

#### Section 1. DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2003, First Special Session chapter 14, as amended by Laws 2004, chapter 272, or other law, and are appropriated from the general fund, or

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any other fund named, to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figure "2005" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2005.

## SUMMARY BY FUND

	2005
General Fund	33,797,000
Health Care Access	(33,947,000)
TANF	(17,645,000)
TOTAL	(17,795,000)

## Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation	(17,795,000)
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## Summary by Fund

General	33,797,000
Health Care Access	(33,947,000)
TANF	(17,645,000)

## Subd. 2. Revenue and Pass-Through

TANF	(814,000)
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## Subd. 3. Basic Health Care Grants

General	44,502,000
Health Care Access	(33,947,000)

The amount that may be spent from this appropriation for each purpose is as follows:

(a) MinnesotaCare - Health Care Access	(33,947,000)
(b) MA Basic Health Care - Families and Children General	39,343,000
(c) MA Basic Health Care - Elderly and Disabled General	(20,641,000)
(d) General Assistance Medical Care General	25,800,000

## Subd. 4. Continuing Care Grants

General	(12,968,000)
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The amount that may be spent from this appropriation for each purpose is as follows:

(a) MA Long-Term Care Waivers General	(6,218,000)
(b) MA Long-Term Care Facilities General	(15,645,000)

(c) Group Residential Housing General	6,017,000
(d) Chemical Dependency Entitlement Grants General	2,878,000
Subd. 5. Economic Support Grants	
General	22,940,000
TANF	(16,831,000)
The amount that may be spent from this appropriation for each purpose is as fol- lows:	
(a) Minnesota Family Investment Program General	21,000,000
TANF	(16,831,000)
(b) General Assistance	2,840,000
(c) Minnesota Supplemental Aid	(900,000)
Subd. 6. Child Care Total Appropriation	
General Fund	(20,677,000)

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### ARTICLE 3

#### HUMAN SERVICES SAVINGS

Section 1. Minnesota Statutes 2004, section 256B.0595, subdivision 2, is amended to read:

Subd. 2. **PERIOD OF INELIGIBILITY.** (a) For any uncompensated transfer occurring on or before August 10, 1993, the number of months of ineligibility for long-term care services shall be the lesser of 30 months, or the uncompensated transfer amount divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred. If the transfer was not reported to the local agency at the time of application, and the applicant received long-term care services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of long-term care services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.

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(b) For uncompensated transfers made after August 10, 1993, the number of months of ineligibility for long-term care services shall be the total uncompensated value of the resources transferred divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the first day of the month after the month in which the assets were transferred except that if one or more uncompensated transfers are made during a period of ineligibility, the total assets transferred during the ineligibility period shall be combined and a penalty period calculated to begin on the first day of the month after the month in which the first uncompensated transfer was made. If the transfer was reported to the local agency after the date that advance notice of a period of ineligibility that affects the next month could be provided to the recipient and the recipient received medical assistance services or the transfer was not reported to the local agency, and the applicant or recipient received medical assistance services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of medical assistance services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received. Effective for transfers made on or after March 1, 1996, involving persons who apply for medical assistance on or after April 13, 1996, no cause of action exists for a transfer unless:

(1) the transferee knew or should have known that the transfer was being made by a person who was a resident of a long-term care facility or was receiving that level of care in the community at the time of the transfer;

(2) the transferee knew or should have known that the transfer was being made to assist the person to qualify for or retain medical assistance eligibility; or

(3) the transferee actively solicited the transfer with intent to assist the person to qualify for or retain eligibility for medical assistance.

(c) If a calculation of a penalty period results in a partial month, payments for long-term care services shall be reduced in an amount equal to the fraction, except that in calculating the value of uncompensated transfers, if the total value of all uncompensated transfers made in a month not included in an existing penalty period does not exceed \$200, then such transfers shall be disregarded for each month prior to the month of application for or during receipt of medical assistance.

**EFFECTIVE DATE.** This section is effective for transfers occurring on or after July 1, 2005.

Sec. 2. Minnesota Statutes 2004, section 256B.0625, is amended by adding a subdivision to read:

**Subd. 3c. HEALTH SERVICES POLICY COMMITTEE.** The commissioner, after receiving recommendations from professional physician associations, profes-

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sional associations representing licensed nonphysician health care professionals, and consumer groups, shall establish a 13-member Health Services Policy Committee, which consists of 12 voting members and one nonvoting member. The Health Services Policy Committee shall advise the commissioner regarding health services pertaining to the administration of health care benefits covered under the medical assistance, general assistance medical care, and MinnesotaCare programs. The Health Services Policy Committee shall meet at least quarterly. The Health Services Policy Committee shall annually elect a physician chair from among its members, who shall work directly with the commissioner's medical director, to establish the agenda for each meeting.

Sec. 3. Minnesota Statutes 2004, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3d. **HEALTH SERVICES POLICY COMMITTEE MEMBERS.** The Health Services Policy Committee consists of:

(1) seven voting members who are licensed physicians actively engaged in the practice of medicine in Minnesota, one of whom must be actively engaged in the treatment of persons with mental illness, and three of whom must represent health plans currently under contract to serve medical assistance recipients;

(2) two voting members who are physician specialists actively practicing their specialty in Minnesota;

(3) two voting members who are nonphysician health care professionals licensed or registered in their profession and actively engaged in their practice of their profession in Minnesota;

(4) one consumer who shall serve as a voting member; and

(5) the commissioner's medical director who shall serve as a nonvoting member.

Members of the Health Services Policy Committee shall not be employed by the Department of Human Services, except for the medical director.

Sec. 4. Minnesota Statutes 2004, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3e. **HEALTH SERVICES POLICY COMMITTEE TERMS AND COMPENSATION.** Committee members shall serve staggered three-year terms, with one-third of the voting members' terms expiring annually. Members may be reappointed by the commissioner. The commissioner may require more frequent Health Services Policy Committee meetings as needed. An honorarium of \$200 per meeting and reimbursement for mileage and parking shall be paid to each committee member in attendance except the medical director. The Health Services Policy Committee does not expire as provided in section 15.059, subdivision 6.

Sec. 5. Minnesota Statutes 2004, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. **PAYMENT RATES.** (a) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed

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dispensing fee; 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. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be \$3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus 11.5 percent, except that where a drug has had its wholesale price reduced as a result of the actions of the National Association of Medicaid Fraud Control Units, the estimated actual acquisition cost shall be the reduced average wholesale price, without the 11.5 percent deduction. The actual acquisition cost of antihemophilic factor drugs shall be estimated at the average wholesale price minus 30 percent. The maximum allowable cost of a multisource 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 the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

(b) An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug 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. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.

(c) Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, or on the maximum allowable cost established by the commissioner.

(d) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider; the average wholesale price minus five percent; or the maximum allowable cost set by the federal government under United States Code, title 42, chapter 7, section 1396r-8(e); and Code of Federal Regulations, title 42, section 447.332, or by the commissioner under paragraphs (a) to (e) or the amount established for Medicare by

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the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act.

(e) The commissioner may negotiate lower reimbursement rates for specialty pharmacy products than the rates specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers with whom the commissioner has negotiated lower reimbursement rates. Specialty pharmacy products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to this paragraph. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the reimbursement rate to prevent access to care issues.

Sec. 6. Minnesota Statutes 2004, section 256B.0625, subdivision 13f, is amended to read:

Subd. 13f. **PRIOR AUTHORIZATION.** (a) The Formulary Committee shall review and recommend drugs which require prior authorization. The Formulary Committee shall establish general criteria to be used for the prior authorization of brand-name drugs for which generically equivalent drugs are available, but the committee is not required to review each brand-name drug for which a generically equivalent drug is available.

(b) Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The Formulary Committee may recommend drugs for prior authorization directly to the commissioner. The commissioner may also request that the Formulary Committee review a drug for prior authorization. Before the commissioner may require prior authorization for a drug:

(1) the commissioner must provide information to the Formulary Committee on the impact that placing the drug on prior authorization may have on the quality of patient care and on program costs, information regarding whether the drug is subject to clinical abuse or misuse, and relevant data from the state Medicaid program if such data is available;

(2) the Formulary Committee must review the drug, taking into account medical and clinical data and the information provided by the commissioner; and

(3) the Formulary Committee must hold a public forum and receive public comment for an additional 15 days.

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The commissioner must provide a 15-day notice period before implementing the prior authorization.

(c) Prior authorization shall not be required or utilized for any atypical antipsychotic drug prescribed for the treatment of mental illness if:

- (1) there is no generically equivalent drug available; and
- (2) the drug was initially prescribed for the recipient prior to July 1, 2003; or
- (3) the drug is part of the recipient's current course of treatment.

This paragraph applies to any multistate preferred drug list or supplemental drug rebate program established or administered by the commissioner.

(d) Prior authorization shall not be required or utilized for any antihemophilic factor drug prescribed for the treatment of hemophilia and blood disorders where there is no generically equivalent drug available if the prior authorization is used in conjunction with any supplemental drug rebate program or multistate preferred drug list established or administered by the commissioner. This paragraph expires July 1, 2005.

(e) The commissioner may require prior authorization for brand name drugs whenever a generically equivalent product is available, even if the prescriber specifically indicates "dispense as written-brand necessary" on the prescription as required by section 151.21, subdivision 2.

(f) Notwithstanding this subdivision, the commissioner may automatically require prior authorization, for a period not to exceed 180 days, for any drug that is approved by the United States Food and Drug Administration on or after July 1, 2005. The 180-day period begins no later than the first day that a drug is available for shipment to pharmacies within the state. The Formulary Committee shall recommend to the commissioner general criteria to be used for the prior authorization of the drugs, but the committee is not required to review each individual drug. In order to continue prior authorizations for a drug after the 180-day period has expired, the commissioner must follow provisions of this subdivision.

#### **Sec. 7. [501B.895] PUBLIC HEALTH CARE PROGRAMS AND CERTAIN TRUSTS.**

(a) It is the public policy of this state that individuals use all available resources to pay for the cost of long-term care services, as defined in section 256B.0595, before turning to Minnesota health care program funds, and that trust instruments should not be permitted to shield available resources of an individual or an individual's spouse from such use.

(b) When a state or local agency makes a determination on an application by the individual or the individual's spouse for payment of long-term care services through a Minnesota public health care program pursuant to chapter 256B, any irrevocable inter-vivos trust or any legal instrument, device, or arrangement similar to an irrevocable inter-vivos trust created on or after July 1, 2005, containing assets or income of an individual or an individual's spouse, including those created by a person,

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court, or administrative body with legal authority to act in place of, at the direction of, upon the request of, or on behalf of the individual or individual's spouse, becomes revocable for the sole purpose of that determination. For purposes of this section, any inter-vivos trust and any legal instrument, device, or arrangement similar to an inter-vivos trust:

(1) shall be deemed to be located in and subject to the laws of this state; and

(2) is created as of the date it is fully executed by or on behalf of all of the settlors or others.

(c) For purposes of this section, a legal instrument, device, or arrangement similar to an irrevocable inter-vivos trust means any instrument, device, or arrangement which involves a grantor who transfers or whose property is transferred by another including, but not limited to, any court, administrative body, or anyone else with authority to act on their behalf or at their direction, to an individual or entity with fiduciary, contractual, or legal obligations to the grantor or others to be held, managed, or administered by the individual or entity for the benefit of the grantor or others. These legal instruments, devices, or other arrangements are irrevocable inter-vivos trusts for purposes of this section.

(d) In the event of a conflict between this section and the provisions of an irrevocable trust created on or after July 1, 2005, this section shall control.

(e) This section does not apply to trusts that qualify as supplemental needs trusts under section 501B.89 or to trusts meeting the criteria of United States Code, title 42, section 1396p (d)(4)(a) and (c) for purposes of eligibility for medical assistance.

(f) This section applies to all trusts first created on or after July 1, 2005, as permitted under United States Code, title 42, section 1396p, and to all interests in real or personal property regardless of the date on which the interest was created, reserved, or acquired.

#### **Sec. 8. LIMITING WAIVER GROWTH.**

(a) For each year of the biennium ending June 30, 2007, the commissioner shall limit the new diversion caseload growth in the MR/RC waiver to 75 additional allocations. Notwithstanding Minnesota Statutes, section 256B.0916, subdivision 5, paragraph (b), the available diversion allocations shall be awarded to support individuals whose health and safety needs result in an imminent risk of an institutional placement at any time during the fiscal year.

(b) For each year of the biennium ending June 30, 2007, the commissioner of human services shall make available additional allocations for community alternatives for disabled individuals waived services covered under Minnesota Statutes, section 256B.49, at a rate of 105 per month or 1,260 per year, plus any additional legislatively authorized growth. Priorities for the allocation of funds shall be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting.

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(c) For each year of the biennium ending June 30, 2007, the commissioner shall make available additional allocations for traumatic brain injury waived services covered under Minnesota Statutes, section 256B.49, at a rate of 165 per year. Priorities for the allocation of funds shall be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting.

Presented to the governor May 31, 2005

Signed by the governor June 3, 2005, 9:00 a.m.

### CHAPTER 156—H.F.No. 1481

*An act relating to government operations; appropriating money for the general legislative and administrative expenses of state government; regulating state and local government operations; modifying provisions related to public employment; ratifying certain labor agreements and compensation plans; regulating elections and campaign finance; regulating Minneapolis teacher pensions; modifying provisions related to the military and veterans; authorizing rulemaking; amending Minnesota Statutes 2004, sections 10A.01, subdivisions 5, 26, 35; 10A.025, by adding a subdivision; 10A.071, subdivision 3; 10A.08; 10A.20, subdivision 5; 10A.27, subdivision 1; 10A.28, subdivision 2; 10A.31, subdivisions 4, 5; 11A.24, subdivision 6; 13.635, by adding a subdivision; 14.19; 15.054; 15.06, by adding a subdivision; 16A.103, by adding a subdivision; 16A.1286, subdivision 3; 16A.151, subdivision 2; 16A.152, subdivision 2; 16A.1522, subdivision 1; 16A.281; 16B.04, subdivision 2; 16B.33, subdivision 4; 16B.48, subdivisions 4, 5; 16C.10, subdivision 7; 16C.144; 16C.16, subdivision 1; 16C.26, subdivisions 3, 4; 16C.28, subdivision 2; 16E.01, subdivisions 1, 3; 16E.02; 16E.03, subdivisions 1, 2, 3, 7; 16E.04; 16E.0465, subdivisions 1, 2; 16E.055; 16E.07, subdivision 8; 43A.23, subdivision 1; 190.16, by adding a subdivision; 192.19; 192.261, subdivision 2; 192.501, subdivision 2; 193.29, subdivision 3; 193.30; 193.31; 197.608, subdivision 5; 200.02, subdivisions 7, 23, by adding a subdivision; 201.014, subdivision 2; 201.061, subdivision 3; 201.071, subdivision 1; 201.091, subdivisions 4, 5; 201.15; 203B.01, subdivision 3; 203B.04, subdivisions 1, 4, by adding a subdivision; 203B.07, subdivision 2; 203B.11, subdivision 1; 203B.12, subdivision 2; 203B.20; 203B.21, subdivisions 1, 3; 203B.24, subdivision 1; 204B.06, subdivisions 1, 4; 204B.10, subdivision 6; 204B.14, subdivision 2; 204B.16, subdivisions 1, 5; 204B.18, subdivision 1; 204B.24; 204B.27, subdivision 1; 204C.05, subdivision 1a; 204C.06, subdivision 2; 204C.07, subdivision 4, by adding a subdivision; 204C.08, subdivision 1a; 204C.10; 204C.12, subdivision 2; 204C.24, subdivision 1; 204C.28, subdivision 1; 204C.50, subdivisions 1, 2; 204D.03, by adding a subdivision; 204D.14, subdivision 3; 204D.27, subdivision 5; 205.175, subdivision 2; 205A.09, subdivision 1; 206.57, subdivision 5; 208.03; 208.04, subdivision 1; 208.05; 208.06; 208.07; 208.08; 211B.13, subdivision 1; 240A.03, subdivision 5, by adding a subdivision; 299C.65, subdivisions 1, 2; 349A.10, subdivision 3; 359.01, by adding a subdivision; 383B.151; 403.36, subdivision 1; 447.32, subdivision 4; 471.895, subdivision 3; 471.975; 507.093; 507.24, subdivision 2; 524.5-310; Laws 1998, chapter 404, section 15, subdivision 2, as amended; Laws 2000, chapter 461, article 4, section 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 5; 6; 8; 10; 14; 15; 16B; 16C; 16E; 43A; 168; 190; 298; 471; 507; repealing Minnesota Statutes 2004, sections 3.9222; 16A.151, subdivision 5; 16A.30; 16B.48, subdivision 3; 16B.52; 16E.0465, subdivision 3; 43A.11, subdivision 2; 197.455, subdivision 3; 204C.50,*

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