

CHAPTER 282—H.F.No. 4162

An act relating to the financing of state government; making supplemental appropriations for early childhood and family prekindergarten through grade 12, and postsecondary education; environment, natural resources, and agriculture; clean water legacy; economic development, transportation; public safety; state government; veterans affairs; miscellaneous health and human services; health care federal compliance; children and families federal compliance; assisted living; long-term care; modifying certain statutory provisions and laws; providing for certain programs; fixing and limiting fees; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2004, sections 43A.17, subdivision 4; 62A.045; 62S.05, by adding a subdivision; 62S.08, subdivision 3; 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision; 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1, 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision; 62S.26; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; 84.0835, subdivision 3; 85.32, subdivision 1; 97A.028, subdivision 3; 114D.30, subdivision 2, as added; 119B.13, by adding a subdivision; 123B.57, subdivision 6; 124D.518, subdivision 4; 124D.52, subdivision 1; 125A.27, subdivisions 7, 8, 11, 15, 18; 125A.29; 125A.30; 125A.32; 125A.33; 125A.48; 136A.101, subdivision 8; 136A.15, subdivision 9; 136A.1701, subdivisions 4, 7; 137.022, subdivision 4; 137.17, subdivisions 1, 3; 144.0724, subdivisions 3, 4; 144.6501, subdivision 6; 144A.071, subdivisions 4a, 4c; 144A.10, by adding a subdivision; 144A.161, subdivisions 1, 2, 3, 4, 5, 5a, 5c, 6, 8, by adding a subdivision; 144A.4605; 144D.01, by adding a subdivision; 144D.015; 144D.02; 144D.03, subdivision 2, by adding a subdivision; 144D.04; 144D.05; 144D.065; 181.101; 216C.41, subdivision 4; 256.01, by adding a subdivision; 256B.02, subdivision 9; 256B.056, subdivision 2, by adding subdivisions; 256B.0595, subdivisions 1, 3, 4; 256B.0625, subdivision 20; 256B.0945, subdivision 1; 256B.431, by adding a subdivision; 256B.434, by adding subdivisions; 256B.437, subdivision 3; 256B.438, subdivision 4; 256B.69, subdivision 9, by adding a subdivision; 256B.76; 256J.021; 256J.626, subdivision 2; 256L.04, subdivision 10; 256L.11, by adding a subdivision; 256L.17, subdivision 2; 326.105; 469.334, subdivisions 1, 4; 518.551, subdivision 7; Minnesota Statutes 2005 Supplement, sections 35.05; 119B.13, subdivisions 1, 7; 121A.19; 124D.111, subdivision 1; 124D.135, subdivision 1; 124D.175; 124D.531, subdivision 1; 125A.28; 144.1476, subdivision 4; 144A.071, subdivision 1a; 216C.41, subdivision 3; 256B.0571; 256B.0595, subdivision 2; 256B.06, subdivision 4; 256B.0918, subdivisions 1, 3, 4; 256B.0946, subdivision 1; 256B.434, subdivision 4; 256B.5012, subdivision 6; 256B.69, subdivision 23; 256D.03, subdivision 3; 256L.03, subdivision 5; 299A.641, subdivision 3; 299A.78; Laws 1998, chapter 404, section 15, subdivision 2, as amended; Laws 2005, chapter 136, article 1, section 10; Laws 2005, First Special Session chapter 1, article 2, section 3, subdivision 2; article 3, section 2, subdivision 4; Laws 2005, First Special Session chapter 4, article 7, section 55; article 9, section 5, subdivision 8; Laws 2005, First Special Session chapter 5, article 1, sections 47; 54, subdivisions 2, 3, 5, 6, 7, 8; article 2, section 84, subdivisions 2, 3, 4, 6, 7, 10; article 3, section 18, subdivisions 2, 3, 4, 5, 6, 7; article 4, section 25, subdivisions 2, 3, 4, 6; article 5, section 17, subdivisions 2, 3; article 6, section 1, subdivisions 2, 3, 5; article 7, section 20, subdivisions 2, 3, 4; article 8, section 8, subdivisions 2, 3, 5; proposing coding for new law in Minnesota Statutes, chapters 4; 16E; 43A; 62S; 85; 116J; 116U; 120B; 122A; 124D; 144; 144A; 144D; 197; 245; 256;

256B; 256D; 299A; 341; proposing coding for new law as Minnesota Statutes, chapter 144G; repealing Minnesota Statutes 2004, sections 62J.694; 116J.543; 137.17, subdivisions 2, 4; 144.395; 245.465, subdivision 2; 256B.0945, subdivisions 5, 6, 7, 8, 9; 256B.83; Minnesota Statutes 2005 Supplement, section 256B.0571, subdivisions 2, 5, 11; Minnesota Rules, part 4668.0215.

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

ARTICLE 1

SUMMARY

Section 1. APPROPRIATIONS SUMMARY.

(General Fund Only, Excluding Forecast Adjustments)

| <u>APPROPRIATIONS</u> | <u>2006</u> | <u>2007</u> | <u>TOTAL</u> |
|--------------------------------------|----------------------|-----------------------|--------------------|
| <u>Early Childhood Education</u> \$ | <u>124,000</u> \$ | <u>14,926,000</u> \$ | <u>15,050,000</u> |
| <u>K-12 Education</u> | <u>5,469,000</u> | <u>2,764,000</u> | <u>8,233,000</u> |
| <u>Higher Education</u> | | <u>5,000,000</u> | <u>5,000,000</u> |
| <u>Environment & Agriculture</u> | <u>577,000</u> | <u>1,838,000</u> | <u>2,415,000</u> |
| <u>Clean Water Legacy</u> | | <u>15,000,000</u> | <u>15,000,000</u> |
| <u>Economic Development</u> | | <u>29,552,000</u> | <u>29,552,000</u> |
| <u>Transportation</u> | | <u>692,000</u> | <u>692,000</u> |
| <u>Public Safety</u> | <u>3,846,000</u> | <u>15,774,000</u> | <u>19,620,000</u> |
| <u>State Government</u> | | <u>2,422,000</u> | <u>2,422,000</u> |
| <u>Veterans Affairs</u> | <u>250,000</u> | <u>3,230,000</u> | <u>3,480,000</u> |
| <u>Health & Human Services</u> | <u>30,989,000</u> | <u>75,663,000</u> | <u>106,652,000</u> |
| <u>SUBTOTAL</u> \$ | <u>41,255,000</u> \$ | <u>166,861,000</u> \$ | <u>208,116,000</u> |
| <u>CANCELLATIONS</u> | <u>250,000</u> | | <u>250,000</u> |
| <u>TRANSFERS IN</u> | <u>2,933,000</u> | | <u>2,933,000</u> |
| <u>TOTAL</u> \$ | <u>38,072,000</u> \$ | <u>166,861,000</u> \$ | <u>204,933,000</u> |

ARTICLE 2

EARLY CHILDHOOD EDUCATION

Section 1. EARLY EDUCATION APPROPRIATIONS.

The sums shown in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2005, First Special Session chapter 4, article 9, or other law to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2006" and "2007" used in this article mean that the addition to or subtraction from the appropriation

listed under them is available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year 2007. "The biennium" is fiscal years 2006 and 2007. Supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, are effective the day following final enactment.

Subdivision 1. Summary

| <u>SUMMARY BY FUND</u> | | | | |
|------------------------|----|----------------|-------------|-------------------|
| | | <u>2006</u> | <u>2007</u> | <u>TOTAL</u> |
| <u>General</u> | \$ | <u>124,000</u> | \$ | <u>14,926,000</u> |
| | | | | \$ |
| | | | | <u>15,050,000</u> |

Subd. 2. Department of Human Services; basic sliding fee child care waiting list

(a) For child care assistance for eligible families on the basic sliding fee waiting list under Minnesota Statutes, section 119B.03, subdivision 2, as of July 1, 2006.

| | | | |
|---------------------|--|------------|------------------|
| <u>General Fund</u> | | <u>-0-</u> | <u>3,842,000</u> |
|---------------------|--|------------|------------------|

| | | | | |
|---|--|--|------------|------------------|
| <u>(b) For basic sliding fee child care assistance grants in fiscal year 2007</u> | | | <u>-0-</u> | <u>4,055,000</u> |
|---|--|--|------------|------------------|

The general fund base is increased by \$1,596,000 in fiscal year 2008 and \$1,732,000 in fiscal year 2009 for basic sliding fee child care assistance grants.

| | | | | |
|--|--|--|------------|--------------|
| <u>(c) For the state share of systems cost to implement the provider rate differential for accreditation</u> | | | <u>-0-</u> | <u>3,000</u> |
|--|--|--|------------|--------------|

(d) As determined by the commissioner, counties may use up to six percent of either calendar year 2008 or 2009 allocations under Minnesota Statutes, section 119B.03, to fund accelerated payments that may occur during the preceding calendar year during conversion to the automated child care assistance program system. If conversion occurs over two calendar years, counties may use up to three percent of the combined calendar year allocations to fund accelerated payments. Funding advanced under this subdivision shall be considered part of the allocation from which it was originally advanced for purposes of setting future allocations under Minnesota Statutes, section 119B.03, subdivisions 6, 6a, 6b, and 8, and shall include funding for administrative costs under Minnesota Statutes, section 119B.15. Notwithstanding the provisions of any section to the

contrary, this provision shall sunset December 31, 2009.

(e) Increased child care funds from the federal Deficit Reduction Act of 2005 may be allocated by the commissioner for the basic sliding fee child care program.

Sec. 2. Minnesota Statutes 2005 Supplement, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** ~~(a)(i) Effective July 1, 2005, the commissioner of human services shall modify the rate tables for child care centers published in Department of Human Services Bulletin No. 03-68-07 so that in counties with regional or statewide cells, the higher of the 100th percentile of the 2002 market rate survey data or the rate currently identified in the bulletin will be the maximum rate. The rates established in this clause will be considered as the previous year's rates for purposes of the increase in item (iii), and shall be compared to the 100th percentile of current market rates.~~

~~(ii) For the period between July 1, 2005, and through the full implementation of the new rates under item (iii), the rates published in Department of Human Services Bulletin No. 03-68-07 as adjusted by item (i) shall remain in effect.~~

~~(iii)(a) Beginning ~~January~~ July 1, 2006, the maximum rate paid for child care assistance in any county or multicounty region under the child care fund shall be the lesser of the 75th percentile rate for like-care arrangements in the county or multicounty region as surveyed by the commissioner or the previous year's rate for like-care arrangements in the county effective January 1, 2006, increased by ~~1.75~~ six percent.~~

~~(iv)(b) Rate changes shall be implemented for services provided in ~~March~~ September 2006 unless a participant eligibility redetermination or a new provider agreement is completed between ~~January~~ July 1, 2006, and ~~February 28~~ August 31, 2006.~~

As necessary, appropriate notice of adverse action must be made according to Minnesota Rules, part 3400.0185, subparts 3 and 4.

New cases approved on or after ~~January~~ July 1, 2006, shall have the maximum rates under ~~item (iii) paragraph (a)~~, implemented immediately.

~~(b) (c) Not less than once every two years, the commissioner shall survey rates charged by child care providers in Minnesota to determine the 75th percentile for like-care arrangements in counties. When the commissioner determines that, using the commissioner's established protocol, the number of providers responding to the survey is too small to determine the 75th percentile rate for like-care arrangements in a county or multicounty region, the commissioner may establish the 75th percentile maximum rate based on like-care arrangements in a county, region, or category that the commissioner deems to be similar.~~

~~(c) (d) A rate which includes a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision.~~

~~(d) (e) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and handicapped care.~~

~~(e) (f) When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.~~

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 3. Minnesota Statutes 2004, section 119B.13, is amended by adding a subdivision to read:

Subd. 3a. **Provider rate differential for accreditation.** A family child care provider or child care center shall be paid a 15 percent differential above the maximum rate established in subdivision 1, up to the actual provider rate, if the provider or center holds a current early childhood development credential or is accredited. For a family child care provider, early childhood development credential and accreditation includes an individual who has earned a child development associate degree, a diploma in child development from a Minnesota state technical college, or a bachelor's degree in early childhood education from an accredited college or university, or who is accredited by the National Association for Family Child Care or the Competency Based Training and Assessment Program. For a child care center, accreditation includes accreditation by the National Association for the Education of Young Children, the Council on Accreditation, the National Early Childhood Program Accreditation, the National School-Age Care Association, or the National Head Start Association Program of Excellence. For Montessori programs, accreditation includes the American Montessori Society, Association of Montessori International-USA, or the National Center for Montessori Education.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 4. Minnesota Statutes 2005 Supplement, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Child care providers may not be reimbursed for more than 25 full-day absent days per child, excluding holidays, in a fiscal year, or for more than ten consecutive full-day absent days, unless the child has a documented medical condition that causes more frequent absences. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time will be reimbursed but the time will not count toward the ten consecutive or 25 cumulative absent day limits. If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day. Child care providers may only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

(b) Child care providers must be reimbursed for up to ten federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the ten consecutive or 25 cumulative absent day limits.

(c) A family or child care provider may not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, (2) all of the allowed full-day absent payments for the child have been paid, or (3) the family or provider did not timely report a change as required under law.

(d) The provider and family must receive notification of the number of absent days used upon initial provider authorization for a family and when the family has used 15 cumulative absent days. Upon statewide implementation of the Minnesota Electronic Child Care System, the provider and family authorization for a family and ongoing notification of the number of absent days used as of the date of the notification.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 5. Minnesota Statutes 2005 Supplement, section 121A.19, is amended to read:

121A.19 DEVELOPMENTAL SCREENING AID.

Each school year, the state must pay a district ~~\$50 for each three-year-old child screened, \$40 for each four-year-old child screened, and \$30 for each five-year-old child or student~~ screened by the district prior to kindergarten according to the requirements of section 121A.17. The amount of state aid for each child or student screened shall be: (1) \$50 for a child screened at age three; (2) \$40 for a child screened at age four; (3) \$30 for a child screened at age five or six prior to kindergarten; and (4) \$30 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been screened according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient. Developmental screening aid shall not be paid for any student who is screened more than 30 days after the first day of attendance at a public school kindergarten, except if a student transfers to another public school kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten program. In this case, if the student has not been screened, the district to which the student transfers may receive developmental screening aid for screening that student when the screening is performed within 30 days of the transfer date.

Sec. 6. **[124D.129] EDUCATE PARENTS PARTNERSHIP.**

The commissioner may work in partnership with health care providers and community organizations to provide parent information to parents of newborns at the time of birth. The commissioner may coordinate the partnership and the distribution of informational material to the parents of newborns before they leave the hospital with early childhood organizations, including, but not limited to, early childhood family education, child care resource and referral, and interagency early intervention committees. The commissioner may develop a resource Web site that promotes, at a minimum, the department Web site for information and links to resources on child development, parent education, child care, and consumer safety information.

Sec. 7. Minnesota Statutes 2005 Supplement, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district equals ~~\$96 for fiscal year 2005 and \$104~~ \$112 for fiscal year ~~2006~~ 2007 and later, times the greater of:

- (1) 150; or
- (2) the number of people under five years of age residing in the district on October 1 of the previous school year.

Sec. 8. **[124D.162] KINDERGARTEN READINESS ASSESSMENT.**

The commissioner of education may implement a kindergarten readiness assessment representative of incoming kindergartners. The assessment must be based on the Department of Education Kindergarten Readiness Assessment at kindergarten entrance study.

Sec. 9. Minnesota Statutes 2005 Supplement, section 124D.175, is amended to read:

124D.175 MINNESOTA EARLY LEARNING FOUNDATION ~~PROPOSAL.~~

(a) The commissioner must make a grant to the Minnesota Early Learning Foundation to implement an early childhood development grant program for low-income and other challenged families that increases the effectiveness and expands the capacity of public and nonpublic early childhood development programs, which may include child care programs, and leads to improved early childhood parent education and children's kindergarten readiness. The program must include:

- (1) grant awards to existing early childhood development program providers that also provide parent education programs and to qualified providers proposing to implement pilot programs for this same purpose;

(2) grant awards to enable low-income families to participate in these programs;

(3) grant awards to improve overall programmatic quality; and

(4) an evaluation of the programmatic and financial efficacy of all these programs, which may be performed using measures of services, staffing, and management systems that provide consistent information about system performance, show trends, confirm successes, and identify potential problems in early childhood development programs.

This grant program must not supplant existing early childhood development programs or child care funds.

(b) The commissioner must ~~contract with~~ make a grant to a private nonprofit, section 501(c)(3) organization to implement the requirements of paragraph (a). The private nonprofit organization must be governed by a board of directors composed of members from the public and nonpublic sectors, where the nonpublic sector members compose a simple majority of board members and where the public sector members are state and local government officials, kindergarten through grade 12 or postsecondary educators, and early childhood providers appointed by the governor. Membership on the board of directors by a state agency official are work duties for the official and are not a conflict of interest under section 43A.38. The board of directors must appoint an executive director and must seek advice from geographically and ethnically diverse parents of young children and representatives of early childhood development providers, kindergarten through grade 12 and postsecondary educators, public libraries, and the business sector.

The board of directors is subject to the open meeting law under chapter 13D. All other terms and conditions under which board members serve and operate must be described in the articles and bylaws of the organization. The private nonprofit organization is not a state agency and is not subject to laws governing public agencies except the provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits by the legislative auditor under chapter 3 apply.

(c) In addition to the duties under paragraph (a), the Minnesota Early Learning Foundation (MELF) shall evaluate the effectiveness of the voluntary NorthStar Quality Improvement and Rating System. The NorthStar Quality Improvement and Rating System must:

(1) provide consumer information for parents on child care and early education program quality and ratings;

(2) set indicators to identify quality in care and early education settings, including licensed family child care and centers, tribal providers and programs, Head Start and school-age programs, and identify quality programs through ratings and ongoing monitoring of programs;

(3) provide funds for provider improvement grants and quality achievement grants;

(4) require participating providers to incorporate the state's early learning standards in their curriculum activities and develop appropriate child assessments aligned with the kindergarten readiness assessment;

(5) provide accountability for the NorthStar Quality Improvement and Rating System's effectiveness in improving child outcomes and kindergarten readiness; and

(6) align current and new state investments to improve the quality of child care with the NorthStar Quality Improvement and Rating System framework, by providing accountability and informed parent choice.

The Minnesota Early Learning Foundation shall report back to the legislature by January 15, 2008, on the progress being made under this paragraph.

(d) This section expires June 30, 2011. If no state appropriation is made for purposes of this section, the commissioner must not implement paragraphs (a) and (b).

Sec. 10. Minnesota Statutes 2004, section 124D.518, subdivision 4, is amended to read:

Subd. 4. **First prior program year.** "First prior program year" means the ~~period from May 1 of the second prior fiscal year through April 30 of the first prior fiscal year~~ specific time period defined by the commissioner that aligns to a program academic year.

Sec. 11. Minnesota Statutes 2004, section 124D.52, subdivision 1, is amended to read:

Subdivision 1. **Program requirements.** (a) An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate.

(b) Notwithstanding any law to the contrary, a school board or the governing body of a consortium offering an adult basic education program may adopt a sliding fee schedule based on a family's income, but must waive the fee for participants who are under the age of 21 or unable to pay. The fees charged must be designed to enable individuals of all socioeconomic levels to participate in the program. A program may charge a security deposit to assure return of materials, supplies, and equipment.

(c) Each approved adult basic education program must develop a memorandum of understanding with the local workforce development centers located in the approved program's service delivery area. The memorandum of understanding must describe how the adult basic education program and the workforce development centers will cooperate and coordinate services to provide unduplicated, efficient, and effective services to clients.

(d) Adult basic education aid must be spent for adult basic education purposes as specified in sections 124D.518 to 124D.531.

(e) A state-approved adult basic education program must count and submit student contact hours for a program that offers high school credit toward an adult high school diploma according to student eligibility requirements and competency demonstration requirements established by the commissioner.

Sec. 12. Minnesota Statutes 2005 Supplement, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2005 is \$36,509,000. The state total adult basic education aid for fiscal year 2006 ~~and later is \$36,509,000~~ equals \$36,587,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2007 equals \$37,673,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) 1.03; or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 13. Minnesota Statutes 2004, section 125A.27, subdivision 7, is amended to read:

Subd. 7. **Early intervention system.** "Early intervention system" means the total effort in the state to meet the needs of eligible children and their families, ~~including, but not limited to:~~

~~(1) any public agency in the state that receives funds under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part C, Public Law 102-119);~~

~~(2) other state and local agencies administering programs involved in the provision of early intervention services, including, but not limited to:~~

~~(i) the Maternal and Child Health program under title V of the Social Security Act, United States Code, title 42, sections 701 to 709;~~

~~(ii) the Individuals with Disabilities Education Act, United States Code, title 20, sections 1411 to 1420 (Part B);~~

~~(iii) medical assistance under the Social Security Act, United States Code, title 42, section 1396 et seq.;~~

~~(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States Code, title 42, sections 6021 to 6030 (Part B), and~~

~~(v) the Head Start Act, United States Code, title 42, sections 9831 to 9852, and~~

~~(3) services provided by private groups or third-party payers in conformity with an individualized family service plan.~~

Sec. 14. Minnesota Statutes 2004, section 125A.27, subdivision 8, is amended to read:

Subd. 8. **Eligibility for Part C.** "Eligibility for Part C" means eligibility for early childhood special education under section 125A.02 and Minnesota Rules, ~~part 3525.2335, subpart 1, items A and B.~~

Sec. 15. Minnesota Statutes 2004, section 125A.27, subdivision 11, is amended to read:

Subd. 11. **Interagency child find systems.** "Interagency child find systems" means activities developed on an interagency basis with the involvement of interagency early intervention committees and other relevant community groups using rigorous standards to actively seek out, identify, and refer infants and young children, with, or at risk of, disabilities, and their families, including a child under the age of three who: (1) is involved in a substantiated case of abuse or neglect, or (2) is identified as affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure, to reduce the need for future services.

Sec. 16. Minnesota Statutes 2004, section 125A.27, subdivision 15, is amended to read:

Subd. 15. **Part C state plan.** "Part C state plan" means the annual state plan application approved by the federal government ~~under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law 105-117).~~

Sec. 17. Minnesota Statutes 2004, section 125A.27, subdivision 18, is amended to read:

Subd. 18. **State lead agency.** "State lead agency" means the state agency receiving federal funds ~~under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part H, Public Law 102-119)~~ for the purposes of providing early intervention services.

Sec. 18. Minnesota Statutes 2005 Supplement, section 125A.28, is amended to read:

125A.28 STATE INTERAGENCY COORDINATING COUNCIL.

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law ~~102-119~~ 108-446, section ~~682~~ 641. The members must be appointed by the governor. Council members must elect the council chair. The representative of the commissioner may not serve as the chair. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, foster care, mental health, homeless coordinator of education of homeless children and youth, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council expires on June 30, 2009.

Sec. 19. Minnesota Statutes 2004, section 125A.29, is amended to read:

125A.29 RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL BOARDS.

(a) It is the joint responsibility of county boards and school boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services for children eligible under section 125A.02 must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. The services provided must be in conformity with:

(1) an IFSP for each eligible infant and toddler from birth through age two and its the infant's or toddler's family, including:

(i) American Indian infants and toddlers with disabilities and their families residing on a reservation geographically located in the state;

(ii) infants and toddlers with disabilities who are homeless children and their families; and

(iii) infants and toddlers with disabilities who are wards of the state; or

(2) an individual education plan (IEP) or individual service plan (ISP) for each eligible child ages three through four.

(b) Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, special instruction, nursing, respite, nutrition, assistive technology, transportation and related costs, social work, vision services, case management including service coordination under section 125A.33, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with disabilities to benefit from early intervention services.

(c) School and county boards shall coordinate early intervention services. In the absence of agreements established according to section 125A.39, service responsibilities for children birth through age two are as follows:

(1) school boards must provide, pay for, and facilitate payment for special education and related services required under sections 125A.05 and 125A.06;

(2) county boards must provide, pay for, and facilitate payment for noneducational services of social work, psychology, transportation and related costs, nursing, respite, and nutrition services not required under clause (1).

(d) School and county boards may develop an interagency agreement according to section 125A.39 to establish agency responsibility that assures early intervention services are coordinated, provided, paid for, and that payment is facilitated from public and private sources.

(e) County and school boards must jointly determine the primary agency in this cooperative effort and must notify the commissioner of the state lead agency of their decision.

Sec. 20. Minnesota Statutes 2004, section 125A.30, is amended to read:

125A.30 INTERAGENCY EARLY INTERVENTION COMMITTEES.

(a) A school district, group of districts, or special education cooperative, in cooperation with the health and human service agencies located in the county or counties in which the district or cooperative is located, must establish an Interagency Early Intervention Committee for children with disabilities under age five and their families under this section, and for children with disabilities ages three to 22 consistent with the requirements under sections 125A.023 and 125A.027. Committees must include representatives of local health, education, and county human service agencies, county boards, school boards, early childhood family education programs, Head Start, parents of young children with disabilities under age 12, child care resource and referral agencies, school readiness programs, current service providers, and may also include representatives from other private or public agencies and school nurses. The committee must elect a chair from among its members and must meet at least quarterly.

(b) The committee must develop and implement interagency policies and procedures concerning the following ongoing duties:

(1) develop public awareness systems designed to inform potential recipient families, especially parents with premature infants, or infants with other physical risk factors associated with learning or development complications, of available programs and services;

(2) to reduce families' need for future services, and especially parents with premature infants, or infants with other physical risk factors associated with learning or development complications, implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities and their families, including a child under the age of three who: (i) is involved in a substantiated case of abuse or neglect or (ii) is identified as affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure;

(3) establish and evaluate the identification, referral, child and family assessment systems, procedural safeguard process, and community learning systems to recommend, where necessary, alterations and improvements;

(4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individual education plans and individual service plans when necessary to appropriately serve children with disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies;

~~(5) encourage agencies to develop individual family service plans for children with disabilities, age three and older;~~

~~(6)~~ implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

~~(7)~~ (6) facilitate the development of a transitional plan if a service provider is not recommended to continue to provide services;

~~(8)~~ (7) identify the current services and funding being provided within the community for children with disabilities under age five and their families;

~~(9)~~ (8) develop a plan for the allocation and expenditure of additional state and federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313); and

~~(10)~~ (9) develop a policy that is consistent with section 13.05, subdivision 9, and federal law to enable a member of an interagency early intervention committee to allow another member access to data classified as not public.

(c) The local committee shall also:

(1) participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families; and

(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, the section on children with special needs in the county child care fund plan, sections in Head Start plans on coordinated planning and services for children with special needs, any relevant portions of early childhood education plans, such as early childhood family education or school readiness, or other applicable coordinated school and community plans for early childhood programs and services, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities.

Sec. 21. Minnesota Statutes 2004, section 125A.32, is amended to read:

125A.32 INDIVIDUALIZED FAMILY SERVICE PLAN (IFSP).

(a) A team must participate in IFSP meetings to develop the IFSP. The team shall include:

- (1) a parent or parents of the child;
- (2) other family members, as requested by the parent, if feasible to do so;
- (3) an advocate or person outside of the family, if the parent requests that the person participate;

(4) the service coordinator who has been working with the family since the initial referral, or who has been designated by the public agency to be responsible for implementation of the IFSP and coordination with other agencies including transition services; and

(5) a person or persons involved in conducting evaluations and assessments.

(b) The IFSP must include:

- (1) information about the child's developmental status;
- (2) family information, with the consent of the family;

(3) measurable results or major outcomes expected to be achieved by the child and the family with the family's assistance, that include developmentally appropriate preliteracy and language skills for the child, and the criteria, procedures, and timelines;

(4) specific early intervention services based on peer-reviewed research, to the extent practicable, necessary to meet the unique needs of the child and the family to achieve the outcomes;

(5) payment arrangements, if any;

(6) medical and other services that the child needs, but that are not required under the Individual with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446) including funding sources to be used in paying for those services and the steps that will be taken to secure those services through public or private sources;

(7) dates and duration of early intervention services;

(8) name of the service coordinator;

(9) steps to be taken to support a child's transition from early intervention services to other appropriate services, including convening a transition conference at least 90 days or, at the discretion of all parties, not more than nine months before the child is eligible for preschool services; and

(10) signature of the parent and authorized signatures of the agencies responsible for providing, paying for, or facilitating payment, or any combination of these, for early intervention services.

Sec. 22. Minnesota Statutes 2004, section 125A.33, is amended to read:

125A.33 SERVICE COORDINATION.

(a) The team developing the IFSP under section 125A.32 must select a service coordinator to carry out service coordination activities on an interagency basis. Service coordination must actively promote a family's capacity and competency to identify, obtain, coordinate, monitor, and evaluate resources and services to meet the family's needs. Service coordination activities include:

- (1) coordinating the performance of evaluations and assessments;

(2) facilitating and participating in the development, review, and evaluation of individualized family service plans;

(3) assisting families in identifying available service providers;

(4) coordinating and monitoring the delivery of available services;

(5) informing families of the availability of advocacy services;

(6) coordinating with medical, health, and other service providers;

(7) facilitating the development of a transition plan at least 90 days before the time the child is no longer eligible for early intervention services or, at the discretion of all parties, not more than nine months prior to the child's eligibility for preschool services, if appropriate;

(8) managing the early intervention record and submitting additional information to the local primary agency at the time of periodic review and annual evaluations; and

(9) notifying a local primary agency when disputes between agencies impact service delivery required by an IFSP.

(b) A service coordinator must be knowledgeable about children and families receiving services under this section, requirements of state and federal law, and services available in the interagency early childhood intervention system.

Sec. 23. Minnesota Statutes 2004, section 125A.48, is amended to read:

125A.48 STATE INTERAGENCY AGREEMENT.

(a) The commissioners of the Departments of Education, Health, and Human Services must enter into an agreement to implement this section and Part ~~H C~~, Public Law ~~102-119~~ 108-446, and as required by Code of Federal Regulations, title 34, section 303.523, to promote the development and implementation of interagency, coordinated, multidisciplinary state and local early childhood intervention service systems for serving eligible young children with disabilities, birth through age two, and their families and to ensure the meaningful involvement of underserved groups, including children with disabilities from minority, low-income, homeless, and rural families, and children with disabilities who are wards of the state. The agreement must be reviewed annually.

(b) The state interagency agreement must outline at a minimum the conditions, procedures, purposes, and responsibilities of the participating state and local agencies for the following:

(1) membership, roles, and responsibilities of a state interagency committee for the oversight of priorities and budget allocations under Part ~~H C~~, Public Law ~~102-119~~ 108-446, and other state allocations for this program;

(2) child find;

(3) establishment of local interagency agreements;

(4) review by a state interagency committee of the allocation of additional state and federal early intervention funds by local agencies;

(5) fiscal responsibilities of the state and local agencies;

(6) intraagency and interagency dispute resolution;

(7) payor of last resort;

(8) maintenance of effort;

(9) procedural safeguards, including mediation;

(10) complaint resolution;

(11) quality assurance;

(12) data collection;

(13) an annual summary to the state Interagency Coordinating Council regarding conflict resolution activities including disputes, due process hearings, and complaints; and

(14) other components of the state and local early intervention system consistent with Public Law ~~102-119~~ 108-446.

Written materials must be developed for parents, IEIC's, and local service providers that describe procedures developed under this section as required by Code of Federal Regulations, title 34, section 303.

Sec. 24. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

| | | | |
|----|-----------------------|-------|------|
| | 14,356,000 | | |
| \$ | <u>15,105,000</u> | ..... | 2006 |
| | 15,137,000 | | |
| \$ | <u>17,792,000</u> | ..... | 2007 |

The 2006 appropriation includes ~~\$1,861,000~~ \$1,859,000 for 2005 and ~~\$12,495,000~~ \$13,246,000 for 2006.

The 2007 appropriation includes ~~\$2,327,000~~ \$1,471,000 for 2006 and ~~\$12,810,000~~ \$16,321,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 25. Laws 2005, First Special Session chapter 5, article 7, section 20, 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:

| | | | |
|----|----------------------|-------|------|
| | 3,076,000 | | |
| \$ | <u>3,000,000</u> | ..... | 2006 |
| | 3,511,000 | | |
| \$ | <u>2,997,000</u> | ..... | 2007 |

The 2006 appropriation includes \$417,000 for 2005 and ~~\$2,659,000~~ \$2,583,000 for 2006.

The 2007 appropriation includes ~~\$494,000~~ \$287,000 for 2006 and ~~\$3,017,000~~ \$2,710,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. **ADULT LITERACY GRANTS FOR RECENT IMMIGRANTS TO MINNESOTA.**

Subdivision 1. **Establishment.** An adult literacy grant program for recent immigrants to Minnesota is established in fiscal years 2007 and 2008 only in order to meet the English language needs of the unanticipated refugees and immigrants to the state of Minnesota.

Subd. 2. **Grants.** The commissioner of education shall consult adult basic education service providers in establishing the form and manner of the grant program. The commissioner shall award grants to organizations providing adult literacy services in order to help offset the additional costs due to unanticipated high enrollments of recent refugees and immigrants.

Sec. 27. **LEGISLATIVE COMMISSION TO END POVERTY IN MINNESOTA BY 2020.**

Subdivision 1. **Membership.** The Legislative Commission to End Poverty in Minnesota by 2020 consists of nine members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including four members of the minority, and nine members of the house of representatives appointed by the speaker, including four members of the minority. Appointments must be made by members elected to the 85th session of the legislature and no later than February 15, 2007. The governor may appoint two nonvoting members to sit with the commission.

Subd. 2. **Guiding principles.** In preparing recommendations on how to end poverty in Minnesota by 2020, the commission must be guided by the following principles:

(a) There should be a consistent and persistent approach that includes participation of people of faith, nonprofit agencies, government, and business.

(b) All people should be provided with those things that protect human dignity and make for a healthy life, including adequate food and shelter, meaningful work, safe communities, health care, and education.

(c) All people are intended to live well together as a whole community, seeking the common good, avoiding wide disparities between those who have too little to live on and those who have a disproportionate share of the nation's goods.

(d) All people need to work together to overcome poverty, and this work transcends both any particular political theory or party and any particular economic theory or structure. Overcoming poverty requires the use of private and public resources.

(e) Alliances are needed between the faith community, nonprofit agencies, government, business, and others with a commitment to overcoming poverty.

(f) Overcoming poverty involves both acts of direct service to alleviate the outcomes of poverty and advocacy to change those structures that result in people living in poverty.

(g) Government is neither solely responsible for alleviating poverty nor removed from that responsibility. Government is the vehicle by which people order their lives based on their shared vision. Society is well served when people bring their values into the public arena. This convergence around issues of poverty and the common good leads people of varying traditions to call on government to make a critical commitment to overcoming poverty.

Subd. 3. **Report.** The commission shall report its recommendations on how to end poverty in Minnesota by 2020 to the legislature by December 15, 2008.

Subd. 4. **Expiration.** The commission expires December 31, 2008.

Sec. 28. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education, unless otherwise specified, for the fiscal years designated.

Subd. 2. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$ 80,000

2007

The base for this program in fiscal year 2008 and later is \$50,000.

Subd. 3. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$ 287,000

2007

Subd. 4. **Early childhood Part C.** For the expansion of early childhood Part C services:

\$ 400,000

2007

Subd. 5. **Adult literacy grants for recent immigrants.** For adult literacy grants for recent immigrants to Minnesota under section 26:

\$ 1,250,000

2007

The base for this program is \$1,250,000 in fiscal year 2008 and \$0 in fiscal year 2009.

Subd. 6. **NorthStar Quality Improvement and Rating System.** For a grant to the Minnesota Early Learning Foundation for the NorthStar Quality Improvement and Rating System under Minnesota Statutes, section 124D.175, paragraph (c):

\$ 1,000,000

2007

This appropriation must be used to implement phase one of the NorthStar Quality Improvement and Rating System including start-up costs, participation of 200 providers, parent information, and materials and evaluation by the Minnesota Early Learning Foundation in consultation with the University of Minnesota.

This onetime appropriation is available to June 30, 2008.* (The preceding subdivision was indicated as vetoed by the governor.)

Subd. 7. **Legislative Commission to End Poverty by 2020.** To the Legislative Coordinating Commission for the Legislative Commission to End Poverty by 2020 under section 27:

\$ 250,000

2007

ARTICLE 3 GENERAL EDUCATION

Section 1. Laws 2005, First Special Session chapter 5, article 1, section 47, is amended to read:

Sec. 47. **ALTERNATIVE TEACHER COMPENSATION REVENUE GUARANTEE.**

Notwithstanding Minnesota Statutes, sections 122A.415, subdivision 1, and 126C.10, subdivision 34, paragraphs (a) and (b), a school district that received alternative teacher compensation aid for fiscal year 2005, but does not qualify for alternative teacher compensation revenue for all sites in the district for fiscal year 2006 ~~or~~, 2007, 2008, or 2009, shall receive additional basic alternative teacher compensation aid for that fiscal year equal to the lesser of the amount of alternative teacher compensation aid it received for fiscal year 2005 or the amount it would have received for that fiscal year under Minnesota Statutes 2004, section 122A.415, subdivision 1, for teachers at sites not qualifying for alternative teacher compensation revenue for that fiscal year, if the district submits a timely application and the commissioner determines that the district continues to implement an alternative teacher compensation system, consistent with its application under Minnesota Statutes 2004, section 122A.415, for fiscal year 2005. The additional basic alternative teacher compensation aid under this section must not be used in calculating the alternative teacher compensation levy under Minnesota Statutes, section 126C.10, subdivision 35. This section applies only to fiscal years 2006 ~~and 2007~~ through 2009 and does not apply to later fiscal years.

Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 2, is amended to read:

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

| | | | |
|----|--------------------------|-------|------|
| | 5,136,578,000 | | |
| \$ | <u>5,819,153,000</u> | ..... | 2006 |
| | 5,390,196,000 | | |
| \$ | <u>5,472,238,000</u> | ..... | 2007 |

The 2006 appropriation includes ~~\$784,978,000~~ \$787,978,000 for 2005 and ~~\$4,351,600,000~~ \$5,031,175,000 for 2006.

The 2007 appropriation includes ~~\$817,588,000~~ \$513,848,000 for 2006 and ~~\$4,572,608,000~~ \$4,958,390,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. **ONETIME ENERGY ASSISTANCE AID.**

(a) For fiscal year 2006 only, a school district or charter school's onetime energy assistance aid is equal to \$3.67 times its adjusted marginal cost pupil units. A school district or charter school may use its onetime energy assistance aid to pay for heating, fuel, and other energy costs.

(b) This aid is paid entirely in fiscal year 2006 based on estimated data. By January 31, 2007, the Department of Education shall recalculate the aid for each district or charter school using actual data, and adjust the general education aid paid to school districts or charter schools for fiscal year 2007 by the amount of the difference between the estimated aid and the actual aid.

Sec. 4. **APPROPRIATION.**

Subdivision 1. Department of Education. The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. Onetime energy assistance aid. For onetime energy assistance aid under section 3:

| | | | |
|----|------------------|-------|-------------|
| \$ | <u>3,495,000</u> | | <u>2007</u> |
|----|------------------|-------|-------------|

ARTICLE 4
EDUCATION EXCELLENCE

Section 1. [120B.132] RAISED ACADEMIC ACHIEVEMENT; ADVANCED PLACEMENT PROGRAMS.

Subdivision 1. **Establishment; eligibility.** A program is established to raise kindergarten through grade 12 academic achievement through increased student participation in preadvanced placement and advanced placement programs. Schools and charter schools eligible to participate under this section:

(1) must have a three-year plan approved by the local school board to create a new or expand an existing program to implement the college board advanced placement courses and exams or preadvanced placement courses; and

(2) must propose to further raise students' academic achievement by:

(i) increasing the availability of and all students' access to advanced placement;

(ii) expanding the breadth of advanced placement courses or programs that are available to students;

(iii) increasing the number and the diversity of the students who participate in advanced placement courses or programs and succeed;

(iv) providing low-income and other disadvantaged students with increased access to advanced placement courses and programs; or

(v) increasing the number of high school students, including low-income and other disadvantaged students, who receive college credit by successfully completing advanced placement courses or programs and achieving satisfactory scores on related exams.

Subd. 2. **Application and review process; funding priority.** (a) Charter schools and school districts in which eligible schools under subdivision 1 are located may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to further raise students' academic achievement. The application must detail the specific efforts the applicant intends to undertake in further raising students' academic achievement, consistent with subdivision 1, and a proposed budget detailing the district or charter school's current and proposed expenditures for advanced placement or preadvanced placement courses and programs. The proposed budget must demonstrate that the applicant's efforts will supplement but not supplant any expenditures for advanced placement and preadvanced placement courses and programs the applicant currently makes available to students. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information.

(b) When reviewing applications, the commissioner must determine whether the applicant satisfied all the requirements in this subdivision and subdivision 1. The commissioner may give funding priority to an otherwise qualified applicant that demonstrates:

(1) a focus on developing or expanding advanced placement courses and programs or increasing students' participation in, access to, or success with the courses or programs, including the participation, access, or success of low-income and other disadvantaged students;

(2) a compelling need for access to advanced placement programs;

(3) an effective ability to actively involve local business and community organizations in student activities that are integral to advanced placement courses and programs;

(4) access to additional public or nonpublic funds or in-kind contributions that are available for advanced placement programs; or

(5) an intent to implement activities that target low-income and other disadvantaged students.

Subd. 3. Funding; permissible funding uses. (a) The commissioner shall award grants to applicant school districts and charter schools that meet the requirements of subdivisions 1 and 2. The commissioner must award grants on an equitable geographical basis to the extent feasible and consistent with this section. Grant awards must not exceed the lesser of:

(1) \$85 times the number of pupils enrolled at the participating sites on October 1 of the previous fiscal year; or

(2) the approved supplemental expenditures based on the budget submitted under subdivision 2. For charter schools in their first year of operation, the maximum grant award must be calculated using the number of pupils enrolled on October 1 of the current fiscal year. The commissioner may adjust the maximum grant award computed using prior year data for changes in enrollment attributable to school closings, school openings, grade level reconfigurations, or school district reorganizations between the prior fiscal year and the current fiscal year.

(b) School districts and charter schools that submit an application and receive funding under this section must use the funding, consistent with the application, to:

(1) provide teacher training and instruction to more effectively serve students, including low-income and other disadvantaged students, who participate in preadvanced and advanced placement programs;

(2) further develop advanced placement courses or programs;

(3) improve the transition between grade levels to better prepare students, including low-income and other disadvantaged students, for succeeding in advanced placement programs;

(4) purchase books and supplies;

(5) pay course or program fees;

(6) increase students' participation in and success with advanced placement programs;

(7) expand students' access to preadvanced placement or advanced placement courses or programs through online learning;

(8) hire appropriately licensed personnel to teach additional advanced placement programs; or

(9) engage in other activity directly related to expanding students' access to, participation in, and success with preadvanced placement or advanced placement courses and programs, including low-income and other disadvantaged students.

Subd. 4. Annual reports. (a) Each school district and charter school that receives a grant under this section annually must collect demographic and other student data to demonstrate and measure the extent to which the district or charter school raised students' academic achievement under this program and must report the data to the commissioner in the form and manner the commissioner determines. The commissioner annually by February 15 must make summary data about this program available to the education policy and finance committees of the legislature.

(b) Each school district and charter school that receives a grant under this section annually must report to the commissioner, consistent with the Uniform Financial Accounting and Reporting Standards, its actual expenditures for advanced placement and preadvanced placement programs. The report must demonstrate that the school district or charter school has maintained its effort from other sources for advanced placement and preadvanced placement programs compared with the previous fiscal year, and the district or charter school has expended all grant funds, consistent with its approved budget.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2006-2007 school year.

Sec. 2. **[122A.416] ALTERNATIVE TEACHER COMPENSATION REVENUE FOR PERPICH CENTER FOR ARTS EDUCATION AND MULTIDISTRICT INTEGRATION COLLABORATIVES.**

Notwithstanding sections 122A.413, 122A.414, 122A.415, and 126C.10, multidistrict integration collaboratives and the Perpich Center for Arts Education are eligible to receive alternative teacher compensation revenue as if they were intermediate school districts. To qualify for alternative teacher compensation revenue, a multidistrict integration collaborative or the Perpich Center for Arts Education must meet all of the requirements of sections 122A.413, 122A.414, and 122A.415 that apply to intermediate school districts, must report its enrollment as of October 1 of each year to the department, and must annually report its expenditures for the alternative teacher professional pay system consistent with the uniform financial accounting and reporting standards to the department by November 30 of each year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2007.

Sec. 3. Minnesota Statutes 2004, section 181.101, is amended to read:

181.101 WAGES; HOW OFTEN PAID.

Every employer must pay all wages earned by an employee at least once every 31 days on a regular pay day designated in advance by the employer regardless of whether the employee requests payment at longer intervals. Unless paid earlier, the wages earned during the first half of the first 31-day pay period become due on the first regular payday following the first day of work. If wages earned are not paid, the commissioner of labor and industry or the commissioner's representative may demand payment on behalf of an employee. If payment is not made within ten days of demand, the commissioner may charge and collect the wages earned and a penalty in the amount of the employee's average daily earnings at the rate agreed upon in the contract of employment, not exceeding 15 days in all, for each day beyond the ten-day limit following the demand. Money collected by the commissioner must be paid to the employee concerned. This section does not prevent an employee from prosecuting a claim for wages. This section does not prevent a school district or other public school entity, or other school, as defined under section 120A.22, from paying any wages earned by its employees during a school year on regular pay days in the manner provided by an applicable contract or collective bargaining agreement, or a personnel policy adopted by the governing board. For purposes of this section, "employee" includes a person who performs agricultural labor as defined in section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an employee works.

Sec. 4. **[120B.19] CHINESE LANGUAGE PROGRAMS; CURRICULUM DEVELOPMENT PROJECT.**

Subdivision 1. **Project parameters.** (a) Notwithstanding other law to the contrary, the commissioner of education may contract with the Board of Regents of the University of Minnesota or other Minnesota public entity the commissioner determines is qualified to undertake the development of an articulated K-12 Chinese curriculum for Minnesota schools that involves:

(1) creating a network of Chinese teachers and educators able to develop new and modify or expand existing world languages K-12 curricula, materials, assessments, and best practices needed to provide Chinese language instruction to students; and

(2) coordinating statewide efforts to develop and expand Chinese language instruction so that it is uniformly available to students throughout the state, and making innovative use of media and technology, including television, distance learning, and online courses to broaden students' access to the instruction.

(b) The entity with which the commissioner contracts under paragraph (a) must have sufficient knowledge and expertise to ensure the professional development of appropriate, high-quality curricula, supplementary materials, aligned assessments, and best practices that accommodate different levels of student ability and types of programs.

(c) Project participants must:

(1) work throughout the project to develop curriculum, supplementary materials, aligned assessments, and best practices; and

(2) make curriculum, supplementary materials, aligned assessments, and best practices equitably available to Minnesota schools and students.

Subd. 2. **Project participants.** The entity with which the commissioner contracts must work with the network of Chinese teachers and educators to:

(1) conduct an inventory of Chinese language curricula, supplementary materials, and professional development initiatives currently used in Minnesota or other states;

(2) develop Chinese language curricula and benchmarks aligned to local world language standards and classroom-based assessments; and

(3) review and recommend to the commissioner how best to build an educational infrastructure to provide more students with Chinese language instruction, including how to develop and provide: (i) an adequate supply of Chinese language teachers; (ii) an adequate number of high-quality school programs; (iii) appropriate curriculum, instructional materials, and aligned assessments that include technology-based delivery systems; (iv) teacher preparation programs to train Chinese language teachers; (v) expedited licensing of Chinese language teachers; (vi) best practices in existing educational programs that can be used to establish K-12 Chinese language programs; and (vii) technical assistance resources.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. **NORTHWESTERN ONLINE COLLEGE IN THE HIGH SCHOOL PROGRAM.**

For fiscal year 2007 only, the Northwestern Online College in the High School program is eligible for \$50,000 for professional development and to develop Web-based technology.

Sec. 6. **[120B.233] CHARACTER DEVELOPMENT EDUCATION REVENUE; PILOT PROGRAM.**

Subdivision 1. **Pilot program created.** A pilot program is created to allow school districts to receive character development education revenue to purchase curriculum for the purposes of Minnesota Statutes, section 120B.232. Character development education revenue for school districts equals \$30 times the district's adjusted marginal cost pupil units.

Subd. 2. **Approved provider list.** The commissioner of education shall maintain a character development education curriculum approved provider list. The character development education curriculum of approved providers shall be research based with at least one completed relational study covering a period of no fewer than five years and completed by an independent party. Approved character development education curriculum must include:

(1) age appropriate character development for the classroom in all elementary and secondary grades;

- (2) curriculum for character development extracurricular activities;
- (3) teacher training workshops and in-service training;
- (4) plans for school assemblies promoting character development;
- (5) midyear consulting between the school district and the provider; and
- (6) an assessment program.

Subd. 3. **Application and selection process.** A school district may submit to the commissioner an application for funding in the form and manner specified by the commissioner. The commissioner shall approve applications that propose to use an approved provider and that agree to use the program as recommended by the provider. The commissioner must approve or disapprove an application within 30 days of receipt on a first-come, first-served basis.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. **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. **Northwestern Online College in the High School program.** For Northwestern Online College in the High School program under section 5:

\$ 50,000 2007

This is a onetime appropriation.

Subd. 3. **Chinese language.** For the Chinese language curriculum project under section 4:

\$ 250,000 2007

The commissioner must report to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance on the range of the program by February 15, 2007. The report shall address the applicability of the Chinese language curriculum project to other world languages and include the availability of instructors, curriculum, high-quality school programs, assessments, and best practices as they apply to world languages.

This is a onetime appropriation.

Subd. 4. **Advanced placement increased student participation.** For the increased participation of students in advanced placement programs under Minnesota Statutes, section 120B.132:

\$ 1,000,000 2007

This is a onetime appropriation.

Subd. 5. **Character development education revenue.** For the character development education revenue pilot program under section 6:

\$ 1,500,000 2007

This is a onetime appropriation.

Subd. 6. **Scholars of distinction.** For the scholars of distinction program:

\$ 25,000 2007

This is a onetime appropriation.

Subd. 7. **TIMMS Study.** For the department to contract with Boston College for Minnesota 4th and 8th grade students to participate in the TIMMS International assessment of student achievement in mathematics and science:

\$ 500,000 2007

School districts must apply to participate in the study on a form and in the manner prescribed by the commissioner. The commissioner may select districts to participate if more districts than those applying are needed for the study. The provisions of Minnesota Statutes, chapter 16C, as they relate to competitive bidding, do not apply to this contract.

The Department of Education must receive at least \$150,000 in private sector gifts or bequests to support the TIMMS study by July 1, 2006. If the Department of Education does not receive \$150,000 in private gifts or bequests by July 1, 2006, the amount appropriated in this subdivision shall immediately cancel.

This is a onetime appropriation.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 5

FACILITIES, ACCOUNTING, AND TECHNOLOGY

Section 1. Minnesota Statutes 2004, section 123B.57, subdivision 6, is amended to read:

Subd. 6. **Uses of health and safety revenue.** (a) Health and safety revenue may be used only for approved expenditures necessary to correct fire and life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property owned or being acquired by the district, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property owned or being acquired by the district, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01, Minnesota occupational safety and health administration regulated facility and equipment hazards, indoor air quality mold abatement, upgrades or replacement of mechanical ventilation systems to meet American Society of Heating, Refrigerating and Air Conditioning Engineers standards and State Mechanical Code, Department of Health Food Code and swimming pool hazards excluding depth correction, and health, safety, and environmental management. Testing and calibration activities are permitted for existing mechanical ventilation systems at intervals no less than every five years. Health and safety revenue must not be used to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement. Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms, for interest or other financing expenses, or for energy efficiency projects under section 123B.65. The revenue may not be used for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education.

(b) Notwithstanding paragraph (a), health and safety revenue must not be used for replacement of building materials or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and

safety costs associated with demolition of facilities, structural repair or replacement of facilities due to unsafe conditions, violence prevention and facility security, ergonomics, building and heating, ventilating and air conditioning supplies, maintenance, and cleaning, testing, and calibration activities. All assessments, investigations, inventories, and support equipment not leading to the engineering or construction of a project shall be included in the health, safety, and environmental management costs in subdivision 8, paragraph (a).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008 and later.

Sec. 2. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 3, is amended to read:

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

| | | | |
|----|-----------------------|-------|------|
| | 25,654,000 | | |
| \$ | <u>27,206,000</u> | ..... | 2006 |
| | 24,134,000 | | |
| \$ | <u>18,410,000</u> | ..... | 2007 |

The 2006 appropriation includes \$4,654,000 for 2005 and ~~\$21,000,000~~ \$22,552,000 for 2006.

The 2007 appropriation includes ~~\$3,911,000~~ \$2,504,000 for 2006 and ~~\$20,223,000~~ \$15,906,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 6, is amended to read:

Subd. 6. **Emergency aid, Red Lake.** For Independent School District No. 38, Red Lake, for onetime emergency aid to repair infrastructure damage to the Red Lake High School as a result of the March 21, 2005, school shooting:

| | | | |
|----|-------------------|-------|------|
| | 50,000 | | |
| \$ | <u>524,000</u> | ..... | 2006 |

The school district must submit ~~proposed expenditures for these funds for review and comment approval under Minnesota Statutes, section 123B.71~~ actual expenditure information to support this appropriation to the Department of Education, before the commissioner releases the funds to the district. ~~The district must report the amount of its unreimbursed costs to the commissioner.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. **APPROPRIATION; WASECA LEVY.**

Independent School District No. 829, Waseca, may levy up to \$344,000 beginning in 2006 over five years for health and safety revenue lost due to miscalculation. \$316,000 is appropriated in fiscal year 2007 to the commissioner of education for payment of the aid portion of lost revenue. If the district does not levy the full amount authorized within the five-year period, other state aid due to the district shall be reduced proportionately. This is a onetime appropriation for fiscal year 2007.

Sec. 5. APPROPRIATION; ROCORI SCHOOL DISTRICT.

\$137,000 is appropriated in fiscal year 2007 from the general fund to the commissioner of education for a grant to Independent School District No. 750, Rocori. The grant is for a continuation of district activities that were developed in concert with the district's federal School Emergency Response to Violence, or Project SERV, grant. The grant may be used to continue the district's recovery efforts, and uses include: an academic program and impact of tragedy or program assessment of educational adequacy; an organizational analysis; a strategic planning overview; a district assessment survey; continued recovery support; staff development initiatives; and any other activities developed in response to the federal Project SERV grant.

The base budget for this program for fiscal year 2008 only is \$53,000.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. FUND TRANSFERS.

Subdivision 1. **A.C.G.C.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, Independent School District No. 2396, A.C.G.C., on June 30, 2006, may permanently transfer up to \$203,000 from its reserved account for disabled accessibility to its unrestricted general fund without making a levy reduction.

Subd. 2. **Alden-Conger.** Notwithstanding Minnesota Statutes, sections 123B.79 and 123B.80, as of June 30, 2006, Independent School District No. 242, Alden-Conger, may permanently transfer up to \$127,000 from its reserved for disabled accessibility account to its unrestricted general fund account without making a levy reduction.

Subd. 3. **Fosston.** Notwithstanding Minnesota Statutes, sections 123B.79 and 123B.80, as of June 30, 2006, Independent School District No. 601, Fosston, may permanently transfer up to \$80,000 from its reserved for disabled accessibility account to its unrestricted general fund account without making a levy reduction.

Subd. 4. **Hopkins.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2006, Independent School District No. 270, Hopkins, may permanently transfer up to \$300,000 from its community education reserve fund balance to its undesignated general fund balance to assist the district in decreasing its statutory operating debt.

Subd. 5. **Lester Prairie.** Notwithstanding Minnesota Statutes, sections 123B.79 or 123B.80, on June 30, 2006, Independent School District No. 424, Lester Prairie, may permanently transfer up to \$150,000 from its reserved for operating capital account and up to \$107,000 from its reserved for severance account, to its undesignated balance in the general fund.

Subd. 6. **Milroy.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2006, Independent School District No. 635, Milroy, may permanently transfer up to \$26,000 from its reserved for disability accessibility account to its undesignated general fund balance without making a levy reduction.

Subd. 7. **Northland Community Schools.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on or before June 30, 2006, Independent School District No. 118, Northland Community Schools, may permanently transfer up to \$197,000 from its reserved for disabled accessibility account to its reserved for operating capital account in its general fund without making a levy reduction.

Subd. 8. **Tyler.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent School District No. 409, Tyler, on June 30, 2006, may, based on the approval of the commissioner of education, permanently transfer up to \$451,000 from its reserved for capital operating account to its debt

redemption fund. The commissioner of education must only allow this fund transfer if it is in the best interest of the Russell-Tyler-Ruthton school district consolidation.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. **HEALTH AND SAFETY REVENUE USES; BELLE PLAINE.**

Notwithstanding Minnesota Statutes, sections 123B.57 and 123B.59, upon approval of the commissioner of education, Independent School District No. 716, Belle Plaine, may use up to \$125,000 of its health and safety revenue raised through an alternative facilities bond for other qualifying health and safety projects.

EFFECTIVE DATE. This section is effective the day following final enactment.

**ARTICLE 6
NUTRITION**

Section 1. Minnesota Statutes 2005 Supplement, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of ~~ten~~ 10.5 cents for each full paid, reduced, and free student lunch served to students.

Sec. 2. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision 2, 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:

| | | | |
|----|----------------------|-------|------|
| | 8,998,000 | | |
| \$ | <u>9,760,000</u> | ..... | 2006 |
| | 9,076,000 | | |
| \$ | <u>10,391,000</u> | ..... | 2007 |

EFFECTIVE DATE. This section is effective the day following final enactment.

**ARTICLE 7
EDUCATION FORECAST ADJUSTMENTS**

A. GENERAL EDUCATION

Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 3, 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:

| | | | |
|----|----------------------|-------|------|
| | 8,704,000 | | |
| \$ | <u>9,200,000</u> | ..... | 2006 |
| \$ | 8,704,000 | ..... | 2007 |

The 2006 appropriation includes \$1,366,000 for 2005 and ~~\$7,338,000~~ \$7,834,000 for 2006.

The 2007 appropriation includes ~~\$1,366,000~~ \$870,000 for 2006 and ~~\$7,338,000~~ \$7,834,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5, is amended to read:

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

| | | | |
|----|--------------------|-------|------|
| | 903,000 | | |
| \$ | <u>909,000</u> | ..... | 2006 |
| | 955,000 | | |
| \$ | <u>1,026,000</u> | ..... | 2007 |

The 2006 appropriation includes \$187,000 for 2005 and ~~\$716,000~~ \$722,000 for 2006.

The 2007 appropriation includes ~~\$133,000~~ \$80,000 for 2006 and ~~\$822,000~~ \$946,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6, is amended to read:

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

| | | | |
|----|--------------------|-------|------|
| | 253,000 | | |
| \$ | <u>527,000</u> | ..... | 2007 |

The 2007 appropriation includes \$0 for 2006 and ~~\$253,000~~ \$527,000 for 2007.

Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

| | | | |
|----|-----------------------|-------|------|
| | 15,370,000 | | |
| \$ | <u>15,458,000</u> | ..... | 2006 |
| | 16,434,000 | | |
| \$ | <u>15,991,000</u> | ..... | 2007 |

The 2006 appropriation includes ~~\$2,305,000~~ \$1,864,000 for 2005 and ~~\$13,065,000~~ \$13,594,000 for 2006.

The 2007 appropriation includes ~~\$2,433,000~~ \$1,510,000 for 2006 and ~~\$14,001,000~~ \$14,481,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 8, is amended to read:

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

| | | | |
|----|-----------------------|-------|------|
| | 21,451,000 | | |
| \$ | <u>21,371,000</u> | ..... | 2006 |
| | 23,043,000 | | |
| \$ | <u>20,843,000</u> | ..... | 2007 |

The 2006 appropriation includes \$3,274,000 for 2005 and ~~\$18,177,000~~ \$18,097,000 for 2006.

The 2007 appropriation includes ~~\$3,385,000~~ \$2,010,000 for 2006 and ~~\$19,658,000~~ \$18,833,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

B. EDUCATION EXCELLENCE

Sec. 6. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

| | | | |
|----|-----------------------|-------|------|
| | 25,465,000 | | |
| \$ | <u>25,331,000</u> | ..... | 2006 |
| | 30,929,000 | | |
| \$ | <u>27,806,000</u> | ..... | 2007 |

The 2006 appropriation includes ~~\$3,324,000~~ \$3,173,000 for 2005 and ~~\$22,141,000~~ \$22,158,000 for 2006.

The 2007 appropriation includes ~~\$4,123,000~~ \$2,462,000 for 2006 and ~~\$26,806,000~~ \$25,344,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 3, is amended to read:

Subd. 3. **Charter school startup aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

| | | | |
|----|----------------------|-------|------|
| | 1,393,000 | | |
| \$ | <u>1,291,000</u> | ..... | 2006 |
| | 3,185,000 | | |
| \$ | <u>2,347,000</u> | ..... | 2007 |

The 2006 appropriation includes \$0 for 2005 and ~~\$1,393,000~~ \$1,291,000 for 2006.

The 2007 appropriation includes ~~\$259,000~~ \$143,000 for 2006 and ~~\$2,926,000~~ \$2,204,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

| | | | |
|----|-----------------------|-------|------|
| | 57,801,000 | | |
| \$ | <u>59,404,000</u> | ..... | 2006 |
| | 57,536,000 | | |
| \$ | <u>58,405,000</u> | ..... | 2007 |

The 2006 appropriation includes \$8,545,000 for 2005 and ~~\$49,256,000~~ \$50,859,000 for 2006.

The 2007 appropriation includes ~~\$9,173,000~~ \$5,650,000 for 2006 and ~~\$48,363,000~~ \$52,755,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 6, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

| | | | |
|----|----------------------|-------|------|
| | 7,768,000 | | |
| \$ | <u>6,032,000</u> | ..... | 2006 |
| | 9,908,000 | | |
| \$ | <u>10,134,000</u> | ..... | 2007 |

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 7, is amended to read:

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

| | | | |
|----|----------------------|-------|------|
| | 2,137,000 | | |
| \$ | <u>2,240,000</u> | ..... | 2006 |
| \$ | 2,137,000 | ..... | 2007 |

The 2006 appropriation includes ~~\$335,000~~ \$316,000 for 2005 and ~~\$1,802,000~~ \$1,924,000 for 2006.

The 2007 appropriation includes ~~\$335,000~~ \$213,000 for 2006 and ~~\$1,802,000~~ \$1,924,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 10, is amended to read:

Subd. 10. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

| | | | |
|----|----------------------|-------|------|
| | 2,389,000 | | |
| \$ | <u>2,338,000</u> | ..... | 2006 |
| | 2,603,000 | | |
| \$ | <u>2,357,000</u> | ..... | 2007 |

The 2006 appropriation includes \$348,000 for 2005 and ~~\$2,041,000~~ \$1,990,000 for 2006.

The 2007 appropriation includes ~~\$380,000~~ \$221,000 for 2006 and ~~\$2,223,000~~ \$2,136,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

C. SPECIAL PROGRAMS

Sec. 12. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 2, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

| | | | |
|----|------------------------|-------|------|
| | 528,846,000 | | |
| \$ | <u>559,485,000</u> | ..... | 2006 |
| | 527,446,000 | | |
| \$ | <u>528,106,000</u> | ..... | 2007 |

The 2006 appropriation includes \$83,078,000 for 2005 and ~~\$445,768,000~~ \$476,407,000 for 2006.

The 2007 appropriation includes ~~\$83,019,000~~ \$52,934,000 for 2006 and ~~\$444,427,000~~ \$475,172,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 3, is amended to read:

Subd. 3. **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:

| | | | |
|----|----------------------|-------|------|
| | 2,212,000 | | |
| \$ | <u>1,527,000</u> | ..... | 2006 |
| | 2,615,000 | | |
| \$ | <u>1,624,000</u> | ..... | 2007 |

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

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

| | | | |
|----|--------------------|-------|------|
| | 187,000 | | |
| \$ | <u>198,000</u> | ..... | 2006 |
| \$ | 195,000 | ..... | 2007 |

The 2006 appropriation includes \$28,000 for 2005 and ~~\$159,000~~ \$170,000 for 2006.

The 2007 appropriation includes ~~\$29,000~~ \$18,000 for 2006 and ~~\$166,000~~ \$177,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 5, is amended to read:

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

| | | | |
|----|------------------------|-------|------|
| | 102,083,000 | | |
| \$ | <u>106,453,000</u> | ..... | 2006 |
| | 104,286,000 | | |
| \$ | <u>104,333,000</u> | ..... | 2007 |

The 2006 appropriation includes \$37,455,000 for 2005 and ~~\$64,628,000~~ \$68,998,000 for 2006.

The 2007 appropriation includes ~~\$38,972,000~~ \$34,602,000 for 2006 and ~~\$65,314,000~~ \$69,731,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 6, is amended to read:

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

| | | | |
|----|----------------------|-------|------|
| | 8,788,000 | | |
| \$ | <u>9,300,000</u> | ..... | 2006 |
| | 8,765,000 | | |
| \$ | <u>8,781,000</u> | ..... | 2007 |

The 2006 appropriation includes \$1,380,000 for 2005 and ~~\$7,408,000~~ \$7,920,000 for 2006.

The 2007 appropriation includes ~~\$1,379,000~~ \$880,000 for 2006 and ~~\$7,386,000~~ \$7,901,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 7, is amended to read:

Subd. 7. **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:

| | | | |
|----|-------------------|-------|------|
| | 65,000 | | |
| \$ | <u>46,000</u> | ..... | 2006 |
| \$ | 70,000 | ..... | 2007 |

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 18. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 2, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

| | | | |
|----|--------------------|-------|------|
| | 802,000 | | |
| \$ | <u>823,000</u> | ..... | 2006 |
| \$ | 578,000 | | |
| \$ | <u>352,000</u> | ..... | 2007 |

The 2006 appropriation includes \$211,000 for 2005 and ~~\$591,000~~ \$612,000 for 2006.

The 2007 appropriation includes ~~\$109,000~~ \$68,000 for 2006 and ~~\$469,000~~ \$284,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 19. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 4, is amended to read:

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

| | | | |
|----|-----------------------|-------|------|
| | 19,287,000 | | |
| \$ | <u>20,387,000</u> | ..... | 2006 |
| \$ | 19,287,000 | ..... | 2007 |

The 2006 appropriation includes \$3,028,000 for 2005 and ~~\$16,259,000~~ \$17,359,000 for 2006.

The 2007 appropriation includes ~~\$3,028,000~~ \$1,928,000 for 2006 and ~~\$16,259,000~~ \$17,359,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

D. NUTRITION

Sec. 20. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision 3, 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:

| | | | |
|----|----------------------|-------|------|
| | 4,878,000 | | |
| \$ | <u>4,856,000</u> | ..... | 2006 |
| | 4,968,000 | | |
| \$ | <u>5,044,000</u> | ..... | 2007 |

EFFECTIVE DATE. This section is effective the day following final enactment.

E. LIBRARIES

Sec. 21. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 2, is amended to read:

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

| | | | |
|----|----------------------|-------|------|
| | 8,570,000 | | |
| \$ | <u>9,058,000</u> | ..... | 2006 |
| \$ | 8,570,000 | ..... | 2007 |

The 2006 appropriation includes \$1,345,000 for 2005 and ~~\$7,225,000~~ \$7,713,000 for 2006.

The 2007 appropriation includes ~~\$1,345,000~~ \$857,000 for 2006 and ~~\$7,225,000~~ \$7,713,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 22. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 3, is amended to read:

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

| | | | |
|----|--------------------|-------|------|
| | 903,000 | | |
| \$ | <u>954,000</u> | ..... | 2006 |
| \$ | 903,000 | ..... | 2007 |

The 2006 appropriation includes \$141,000 for 2005 and ~~\$762,000~~ \$813,000 for 2006.

The 2007 appropriation includes ~~\$141,000~~ \$90,000 for 2006 and ~~\$762,000~~ \$813,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 23. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 5, is amended to read:

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

| | | | |
|----|----------------------|-------|------|
| | 1,200,000 | | |
| \$ | <u>1,268,000</u> | ..... | 2006 |
| \$ | 1,200,000 | ..... | 2007 |

The 2006 appropriation includes \$188,000 for 2005 and ~~\$1,012,000~~ \$1,080,000 for 2006.

The 2007 appropriation includes ~~\$188,000~~ \$120,000 for 2006 and ~~\$1,012,000~~ \$1,080,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

F. EARLY CHILDHOOD EDUCATION

Sec. 24. Laws 2005, First Special Session chapter 5, article 7, section 20, 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:

| | | | |
|----|----------------------|-------|------|
| | 9,020,000 | | |
| \$ | <u>9,528,000</u> | ..... | 2006 |
| | 9,042,000 | | |
| \$ | <u>9,020,000</u> | ..... | 2007 |

The 2006 appropriation includes ~~\$1,417,000~~ \$1,415,000 for 2005 and ~~\$7,603,000~~ \$8,113,000 for 2006.

The 2007 appropriation includes ~~\$1,415,000~~ \$901,000 for 2006 and ~~\$7,627,000~~ \$8,119,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

G. PREVENTION

Sec. 25. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2, is amended to read:

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

| | | | |
|----|----------------------|-------|------|
| | 1,918,000 | | |
| \$ | <u>2,043,000</u> | ..... | 2006 |
| | 1,837,000 | | |
| \$ | <u>1,949,000</u> | ..... | 2007 |

The 2006 appropriation includes ~~\$390,000~~ \$385,000 for 2005 and ~~\$1,528,000~~ \$1,658,000 for 2006.

The 2007 appropriation includes ~~\$284,000~~ \$184,000 for 2006 and ~~\$1,553,000~~ \$1,765,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 3, is amended to read:

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

| | | | |
|----|--------------------|-------|------|
| | 710,000 | | |
| \$ | <u>750,000</u> | ..... | 2006 |
| \$ | 710,000 | ..... | 2007 |

The 2006 appropriation includes \$111,000 for 2005 and ~~\$599,000~~ \$639,000 for 2006.

The 2007 appropriation includes ~~\$111,000~~ \$71,000 for 2006 and ~~\$599,000~~ \$639,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 27. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5, is amended to read:

Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

| | | |
|------------------|-------|------|
| \$ 17,000 | ..... | 2006 |
| 7,000 | | |
| \$ <u>4,000</u> | ..... | 2007 |

The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

The 2007 appropriation includes ~~\$2,000~~ \$1,000 for 2006 and ~~\$5,000~~ \$3,000 for 2007.

**ARTICLE 8
HIGHER EDUCATION**

Section 1. **HIGHER EDUCATION APPROPRIATIONS.**

The sum shown in the column marked "APPROPRIATION" is added to the appropriations in Laws 2005, chapter 107, article 1, or other law to the agency and for the purposes specified in this article. The appropriation is from the general fund or another named fund and is available for the fiscal year indicated for the purpose. The figure "2007" used in this article means that the addition to the appropriation listed under it is available for the fiscal year ending June 30, 2007.

APPROPRIATION
Available for the Year
Ending June 30, 2007

Sec. 2. **BOARD OF REGENTS** \$ 5,000,000

To the Board of Regents of the University of Minnesota for the purposes of section 8. This appropriation is for academic programs supporting the University of Minnesota - Rochester, including faculty, staff, and program planning and development in the areas of biomedical technologies, engineering, and computer technologies, health care administration, and allied health programs; ongoing operations of industrial liaison activities; and operation of leased facilities. The funding base for activities related to section 8 is \$5,000,000 for fiscal year 2008 and \$6,330,000 for fiscal year 2009.

Sec. 3. Minnesota Statutes 2004, section 136A.101, subdivision 8, is amended to read:

Subd. 8. **Resident student.** "Resident student" means a student who meets one of the following conditions:

(1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution; ~~or~~

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota;

(5) a member, spouse, or dependent of a member of the armed forces of the United States stationed in Minnesota on active federal military service as defined in section 190.05, subdivision 5c;

(6) a person or spouse of a person who relocated to Minnesota from an area that is declared a presidential disaster area within the preceding 12 months if the disaster interrupted the person's postsecondary education; or

(7) a person defined as a refugee under United States Code, title 8, section 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has continued to reside in Minnesota.

Sec. 4. Minnesota Statutes 2004, section 136A.15, subdivision 9, is amended to read:

Subd. 9. **Minnesota resident student.** "Minnesota resident student" means a student who meets one of the following conditions in section 136A.101, subdivision 8:

(1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution; or

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota.

Sec. 5. Minnesota Statutes 2004, section 136A.1701, subdivision 4, is amended to read:

Subd. 4. **Terms and conditions of loans.** (a) The office may loan money upon such terms and conditions as the office may prescribe. The principal amount of a loan to an undergraduate student for a single academic year shall not exceed \$6,000 for grade levels 1 and 2 effective July 1, 2006, through June 30, 2007. Effective July 1, 2007, the principal amount of a loan for grade levels 1 and 2 shall not exceed \$7,500. The principal amount of a loan for grade levels 3, 4, and 5 shall not exceed \$7,500 effective July 1, 2006. The aggregate principal amount of all loans made under this section to an undergraduate student shall not exceed ~~\$25,000~~ \$34,500 through June 30, 2007, and \$37,500 after June 30, 2007. The principal amount of a loan to a graduate student for a single academic year shall not exceed \$9,000. The aggregate principal amount of all loans made under this section to a student as ~~an undergraduate and~~ graduate student shall not exceed ~~\$40,000~~ \$52,500 through June 30, 2007, and \$55,500 after June 30, 2007. The amount of the loan may not exceed the cost of attendance less all other financial aid, including PLUS loans or other

similar parent loans borrowed on the student's behalf. The cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (b).

(b) The cumulative undergraduate borrowing maximums for SELF loans are:

(1) effective July 1, 2006, through June 30, 2007:

(i) grade level 1, \$6,000;

(ii) grade level 2, \$12,000;

(iii) grade level 3, \$19,500;

(iv) grade level 4, \$27,000; and

(v) grade level 5, \$34,500; and

(2) effective July 1, 2007:

(i) grade level 1, \$7,500;

(ii) grade level 2, \$15,000;

(iii) grade level 3, \$22,500;

(iv) grade level 4, \$30,000; and

(v) grade level 5, \$37,500.

Sec. 6. Minnesota Statutes 2004, section 136A.1701, subdivision 7, is amended to read:

Subd. 7. **Repayment of loans.** (a) The office shall establish repayment procedures for loans made under this section, but in no event shall the period of permitted repayment for SELF II or SELF III loans exceed ten years from the eligible student's termination of the student's postsecondary academic or vocational program, or 15 years from the date of the student's first loan under this section, whichever is less.

(b) For SELF loans from phases after SELF III, eligible students with aggregate principal loan balances from all SELF phases that are less than \$18,750 shall have a repayment period not exceeding ten years from the eligible student's graduation or termination date. For SELF loans from phases after SELF III, eligible students with aggregate principal loan balances from all SELF phases of \$18,750 or greater shall have a repayment period not exceeding 15 years from the eligible student's graduation or termination date. For SELF loans from phases after SELF III, the loans shall enter repayment no later than seven years after the first disbursement date on the loan.

Sec. 7. Minnesota Statutes 2004, section 137.022, subdivision 4, is amended to read:

Subd. 4. **Mineral research; scholarships.** (a) All income credited after July 1, 1992, to the permanent university fund from royalties for mining under state mineral leases from and after July 1, 1991, must be allocated as provided in this subdivision.

(b)(1) Fifty percent of the income, up to ~~\$25,000,000~~ \$50,000,000, must be credited to the mineral research account of the fund to be allocated for the Natural Resources Research Institute-Duluth and Coleraine facilities, for mineral and mineral-related research including mineral-related environmental research; and

(2) The remainder must be credited to the endowed scholarship account of the fund for distribution annually for scholastic achievement as provided by the Board of Regents to undergraduates enrolled at the University of Minnesota who are resident students as defined in section 136A.101, subdivision 8.

(c) The annual distribution from the endowed scholarship account must be allocated to the various campuses of the University of Minnesota in proportion to the number of undergraduate resident students enrolled on each campus.

(d) The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

(e) Capital gains and losses and portfolio income of the permanent university fund must be credited to its three accounts in proportion to the market value of each account.

(f) The endowment support from the income and capital gains of the endowed mineral research and endowed scholarship accounts of the fund must not total more than six percent per year of the 36-month trailing average market value of the account from which the support is derived.

Sec. 8. Minnesota Statutes 2004, section 137.17, subdivision 1, is amended to read:

Subdivision 1. **Establish.** ~~The Board of Regents may establish a school of professional and graduate studies as a nonresidential branch campus of the University of Minnesota, in Rochester, to serve the educational needs of working adults and other nontraditional students in southeastern Minnesota. The campus shall be a joint partnership of the University of Minnesota with Rochester Community and Technical College, and Winona State University, and to foster the economic goals of the region and the state. The University of Minnesota should expand higher education offerings in Rochester that it is uniquely qualified to provide. To the extent possible, the Board of Regents should provide its offerings in partnership with higher education institutions that already serve Rochester and the southeastern region of Minnesota, and should avoid unnecessary duplicative offerings of courses and programs, particularly in nursing and allied health programs.~~

~~The Board of Trustees of the Minnesota State Colleges and Universities shall cooperate to achieve the foregoing.~~

Sec. 9. Minnesota Statutes 2004, section 137.17, subdivision 3, is amended to read:

Subd. 3. **Missions.** The legislature intends that the mission of the expanded education offerings in Rochester be congruent with the university's unique core mission of teaching, research, and outreach in order to support the educational needs and economic development of this region and the state. The legislature recognizes that the distinctiveness of each of the partner higher education institutions in Rochester must be maintained to achieve success in serving the higher education needs of the community and the economic goals of the state. Further, the legislature intends that the University of Minnesota and the other partner institutions avoid duplicative offerings of courses and programs. Therefore, the University of Minnesota, Winona State University, and Rochester Community and Technical College shall develop jointly a statement of missions, roles, and responsibilities for the programs and services at Rochester which shall be submitted to the legislature by January 30, 2000, and any time thereafter that the missions, roles, and responsibilities change.

Sec. 10. **REPEALER.**

Minnesota Statutes 2004, section 137.17, subdivisions 2 and 4, are repealed.

ARTICLE 9

ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE

Section 1. ENVIRONMENTAL, NATURAL RESOURCES, AND AGRICULTURAL APPROPRIATIONS.

The sums shown in the columns marked "APPROPRIATIONS" are added to the appropriations in Laws 2005, First Special Session chapter 1, articles 1 and 2, or other specified law, to the named agencies and for the specified programs or activities. The sums shown are appropriated from the general fund, or another named fund, to be available for the fiscal years indicated for each purpose. The figures "2006" and "2007" used in this article mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. Appropriations in this article for the fiscal year ending June 30, 2006, are effective the day following final enactment.

SUMMARY BY FUND

| | <u>2006</u> | | <u>2007</u> | | <u>TOTAL</u> |
|--------------------------|-------------|----|-------------|----|--------------|
| <u>General</u> | \$ 577,000 | \$ | 1,838,000 | \$ | 2,415,000 |
| <u>Natural Resources</u> | -0- | | 530,000 | | 530,000 |
| <u>TOTAL</u> | \$ 577,000 | \$ | 2,368,000 | \$ | 2,945,000 |

APPROPRIATIONS

Available for the Year
Ending June 30

2006 2007

| | | | | |
|--|----|---------|----|---------|
| Sec. 2. <u>DEPARTMENT OF AGRICULTURE</u> | \$ | 158,000 | \$ | 648,000 |
|--|----|---------|----|---------|

This appropriation includes money for the following purposes:

| | | |
|---|---------|---------|
| <u>(a) Invasive species control activities</u> | 118,000 | 130,000 |
| <u>(b) Compensation payments for livestock depredation and crop damage</u> | 40,000 | 53,000 |
| <u>(c) Plant pathology and biological control facility operations</u> | -0- | 190,000 |
| <u>(d) Grant to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks</u> | -0- | 200,000 |

For the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the

food banks. This appropriation becomes base-level funding.

Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under the Emergency Food Assistance Program. Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of money, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

| | | |
|-----------------------------|------------|---------------|
| <u>(e) Renewable energy</u> | <u>-0-</u> | <u>75,000</u> |
|-----------------------------|------------|---------------|

To the Department of Agriculture for handling increased renewable energy inquiries.

| | | |
|--|----------------|----------------|
| Sec. 3. <u>BOARD OF ANIMAL HEALTH</u> | <u>277,000</u> | <u>408,000</u> |
|--|----------------|----------------|

To eliminate bovine tuberculosis from cattle herds in Minnesota. This is a onetime appropriation.

| | | |
|---|----------------|------------------|
| Sec. 4. <u>DEPARTMENT OF NATURAL RESOURCES</u> | <u>142,000</u> | <u>1,312,000</u> |
|---|----------------|------------------|

Summary by Fund

| | <u>2006</u> | <u>2007</u> |
|--------------------------|----------------|----------------|
| <u>General</u> | <u>142,000</u> | <u>782,000</u> |
| <u>Natural Resources</u> | <u>-0-</u> | <u>530,000</u> |

| | | |
|---|---------------|----------------|
| <u>(a) Bovine tuberculosis surveillance and diagnosis</u> | <u>88,000</u> | <u>132,000</u> |
|---|---------------|----------------|

To the Department of Natural Resources to diminish the risk of disease transmission in domestic livestock. This is a onetime appropriation.

| | | |
|-----------------------------|------------|----------------|
| <u>(b) Invasive species</u> | <u>-0-</u> | <u>550,000</u> |
|-----------------------------|------------|----------------|

To the Department of Natural Resources for prevention and control of harmful invasive species. This appropriation includes money for the control of curly leaf pondweed in Lake Osakis.

(c) Minnesota Shooting Sports Education Center -0- 100,000

The commissioner may make direct expenditures for the operation of the center or contract with another entity to operate the center. This appropriation is available only to the extent it is matched by at least \$1 of nonstate money from gifts or grants for each \$2 of state money. This appropriation is added to the agency base of the Department of Natural Resources.

(d) Canoe routes -0- 130,000

This appropriation is from the water recreation account in the natural resources fund to the commissioner of natural resources to cooperate with local units of government in marking routes and designating river accesses and campsites under Minnesota Statutes, section 85.32. This is a onetime appropriation and is available until spent.

(e) Emergency deterrent materials assistance 54,000 -0-

For the emergency deterrent materials assistance program under Minnesota Statutes, section 97A.028, subdivision 3. This is a onetime appropriation and is available until June 30, 2007.

(f) State park and recreation area operation -0- 400,000

\$400,000 is from the state parks account in the natural resources fund for state park and recreation area operations and for the operation and maintenance of the U.S. Army Corps of Engineers recreation sites on Cross Lake, Gull Lake, Sandy Lake, Leech Lake, Lake Pokegama, and Lake Winnibigoshish. The expenditure of money on the U.S. Army Corps of Engineers recreation sites is contingent upon acceptance of a long-term agreement with the U.S. Army Corps of Engineers. Acceptance may be through a lease arrangement, a transfer of the recreation lands, or other agreement with the U.S. Army Corps of Engineers. Rules of the commissioner of natural resources relating to state recreation areas apply to U.S. Army Corps of Engineers recreation

sites managed by the commissioner pursuant to this paragraph. This is a onetime appropriation.

The commissioner may establish fees for these recreation sites as provided in Minnesota Statutes, section 85.052, subdivision 3. The money collected from fees established under this paragraph shall be deposited in the natural resources fund and credited to the state parks account. Until June 30, 2007, money deposited in the natural resources fund from fees established under this paragraph is appropriated to the commissioner for the operation and maintenance of the U.S. Army Corps of Engineers recreation sites.

Sec. 5. Minnesota Statutes 2005 Supplement, section 35.05, is amended to read:

35.05 AUTHORITY OF STATE BOARD.

(a) The state board may quarantine or kill any domestic animal infected with, or which has been exposed to, a contagious or infectious dangerous disease if it is necessary to protect the health of the domestic animals of the state.

(b) The board may regulate or prohibit the arrival in and departure from the state of infected or exposed animals and, in case of violation of any rule or prohibition, may detain any animal at its owner's expense. The board may regulate or prohibit the importation of domestic animals which, in its opinion, may injure the health of Minnesota livestock.

(c) When the governor declares an emergency under section 35.0661, the board, through its executive director, may assume control of such resources within the University of Minnesota's Veterinary Diagnostic Laboratory as necessary to effectively address the disease outbreak. The director of the laboratory and other laboratory personnel must cooperate fully in performing necessary functions related to the outbreak or threatened outbreak.

~~(d) Rules adopted by the board under authority of this chapter must be published in the State Register~~
The board may test or require tests of any bovine or cervidae in the state when the board deems it necessary to achieve or maintain bovine tuberculosis accredited free state or zone status under the regulations and laws administered by the United States Department of Agriculture.

Sec. 6. Minnesota Statutes 2004, section 84.0835, subdivision 3, is amended to read:

Subd. 3. **Citation authority.** Employees designated by the commissioner under subdivision 1 may issue citations, as specifically authorized under this subdivision, for violations of:

(1) sections 85.052, subdivision 3 (payment of camping fees in state parks) ~~and~~ 85.45, subdivision 1 (cross-country ski pass), and 85.46 (horse trail pass);

(2) rules relating to hours and days of operation, restricted areas, noise, fireworks, environmental protection, fires and refuse, pets, picnicking, camping and dispersed camping, nonmotorized uses, construction of unauthorized permanent trails, mooring of boats, fish cleaning, swimming, storage and abandonment of personal property, structures and stands, animal trespass, state park individual and group motor vehicle permits, licensed motor vehicles, designated roads, and snowmobile operation off trails;

(3) rules relating to off-highway vehicle registration, display of registration numbers, required equipment, operation restrictions, off-trail use for hunting and trapping, and operation in lakes, rivers, and streams;

(4) rules relating to off-highway vehicle and snowmobile operation causing damage or in closed areas within the Richard J. Dorer Memorial Hardwood State Forest;

(5) rules relating to parking, snow removal, and damage on state forest roads; and

(6) rules relating to controlled hunting zones on major wildlife management units.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 7. Minnesota Statutes 2004, section 85.32, subdivision 1, is amended to read:

Subdivision 1. **Areas marked.** The commissioner of natural resources is authorized in cooperation with local units of government and private individuals and groups when feasible to mark canoe and boating routes on the Little Fork, Big Fork, Minnesota, St. Croix, Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing, St. Louis, Pine, Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift County, Watonwan, Cottonwood, Whitewater, Chippewa from Benson in Swift County to Montevideo in Chippewa County, Long Prairie, Red River of the North, Sauk, Otter Tail, and Crow Rivers which have historic and scenic values and to mark appropriately points of interest, portages, camp sites, and all dams, rapids, waterfalls, whirlpools, and other serious hazards which are dangerous to canoe and watercraft travelers.

Sec. 8. **[85.46] HORSE TRAIL PASS.**

Subdivision 1. **Pass in possession.** While riding, leading, or driving a horse on horse trails and associated day use areas on state trails, in state parks, in state recreation areas, and in state forests, a person 16 years of age or over shall carry in immediate possession and visibly display on person or horse tack, a valid horse trail pass. The pass must be available for inspection by a peace officer, a conservation officer, or an employee designated under section 84.0835.

Subd. 2. **License agents.** (a) The commissioner of natural resources may appoint agents to issue and sell horse trail passes. The commissioner may revoke the appointment of an agent at any time.

(b) The commissioner may adopt additional rules as provided in section 97A.485, subdivision 11. An agent shall observe all rules adopted by the commissioner for the accounting and handling of passes according to section 97A.485, subdivision 11.

(c) An agent must promptly deposit and remit all money received from the sale of passes, except issuing fees, to the commissioner.

Subd. 3. **Issuance.** The commissioner of natural resources and agents shall issue and sell horse trail passes. The pass shall include the applicant's signature and other information deemed necessary by the commissioner. To be valid, a pass must be signed by the person riding, leading, or driving the horse.

Subd. 4. **Pass fees.** (a) The fee for an annual horse trail pass is \$20 for an individual 16 years of age and over. The fee shall be collected at the time the pass is purchased. Annual passes are valid for one year beginning January 1 and ending December 31.

(b) The fee for a daily horse trail pass is \$4 for an individual 16 years of age and over. The fee shall be collected at the time the pass is purchased. The daily pass is valid only for the date designated on the pass form.

Subd. 5. **Issuing fee.** In addition to the fee for a horse trail pass, an issuing fee of \$1 per pass shall be charged. The issuing fee shall be retained by the seller of the pass. Issuing fees for passes sold by the commissioner of natural resources shall be deposited in the state treasury and credited to the horse trail account in the natural resources fund and are appropriated to the commissioner for the operation of the electronic licensing system. A pass shall indicate the amount of the fee that is retained by the seller.

Subd. 6. **Disposition of receipts.** Fees collected under this section, except for the issuing fee, shall be deposited in the state treasury and credited to the horse trail account in the natural resources fund. Except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, the fees are appropriated to the commissioner of natural resources for trail acquisition, trail and facility development, and maintenance, enforcement, and rehabilitation of horse trails or trails authorized for horse use, whether for riding, leading, or driving, on state trails and in state parks, state recreation areas, and state forests.

Subd. 7. **Duplicate horse trail passes.** The commissioner of natural resources and agents shall issue a duplicate pass to a person whose pass is lost or destroyed using the process established under section 97A.405, subdivision 3, and rules adopted thereunder. The fee for a duplicate horse trail pass is \$2, with an issuing fee of 50 cents.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 9. Minnesota Statutes 2004, section 97A.028, subdivision 3, is amended to read:

Subd. 3. **Emergency deterrent materials assistance.** (a) For the purposes of this subdivision, "cooperative damage management agreement" means an agreement between a landowner or tenant and the commissioner that establishes a program for addressing the problem of destruction of the landowner's or tenant's specialty crops or stored forage crops by wild animals, or destruction of agricultural crops by flightless Canada geese.

(b) A landowner or tenant may apply to the commissioner for emergency deterrent materials assistance in controlling destruction of the landowner's or tenant's specialty crops or stored forage crops by wild animals, or destruction of agricultural crops by flightless Canada geese. Subject to the availability of money appropriated for this purpose, the commissioner shall provide suitable deterrent materials when the commissioner determines that:

(1) immediate action is necessary to prevent significant damage from continuing or to prevent the spread of bovine tuberculosis; and

(2) a cooperative damage management agreement cannot be implemented immediately.

(c) A person may receive emergency deterrent materials assistance under this subdivision more than once, but the cumulative total value of deterrent materials provided to a person, or for use on a parcel, may not exceed \$3,000 for specialty crops, \$5,000 for measures to prevent the spread of bovine tuberculosis within a five-mile radius of a cattle herd that is infected with bovine tuberculosis as determined by the Board of Animal Health, or \$750 for protecting stored forage crops, or \$500 for agricultural crops damaged by flightless Canada geese. If a person is a co-owner or cotenant with respect to the specialty crops for which the deterrent materials are provided, the deterrent materials are deemed to be "provided" to the person for the purposes of this paragraph.

(d) As a condition of receiving emergency deterrent materials assistance under this subdivision, a landowner or tenant shall enter into a cooperative damage management agreement with the commissioner. Deterrent materials provided by the commissioner may include repellents, fencing materials, or other materials recommended in the agreement to alleviate the damage problem. If requested by a landowner or tenant, any fencing materials provided must be capable of providing long-term protection of specialty crops. A landowner or tenant who receives emergency deterrent materials assistance under this subdivision shall comply with the terms of the cooperative damage management agreement.

Sec. 10. Laws 2005, First Special Session chapter 1, article 2, section 3, subdivision 2, is amended to read:

Subd. 2. Land and Mineral Resources Management

~~8,903,000~~ 8,653,000 8,675,000

Summary by Fund

| | | |
|-------------------|----------------------|-----------|
| | 5,498,000 | |
| General | <u>5,248,000</u> | 5,248,000 |
| Natural Resources | 2,222,000 | 2,222,000 |
| Game and Fish | 983,000 | 1,005,000 |
| Permanent School | 200,000 | 200,000 |

\$275,000 the first year and \$275,000 the second year are for iron ore cooperative research, of which \$137,500 the first year and \$137,500 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$86,000 the first year and \$86,000 the second year are for minerals cooperative environmental research, of which \$43,000 the first year and \$43,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$2,046,000 the first year and \$2,046,000 the second year are from the minerals management account in the natural resources fund for only the purposes specified in new Minnesota Statutes, section 93.2236, paragraph (c). Of this amount, \$1,526,000 the first year and \$1,526,000 the second year are for mineral resource management, \$420,000 the first year and \$420,000 the second year are for projects to enhance future income and promote new opportunities, including value-added iron products, geological mapping, and mercury research, and \$100,000 the first year and \$100,000 the second year are for environmental review and the processing of permits for mining projects that involve state-owned mineral rights. The appropriation is from the revenue deposited in the minerals management account under Minnesota Statutes, section 93.22, subdivision 1, paragraph (b). \$100,000 each year is a onetime appropriation.

\$150,000 the first year and \$150,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands. This appropriation is to be used

toward meeting the provisions of Minnesota Statutes, section 92.121, to exchange school trust lands or put alternatives in effect when management practices have diminished or prohibited revenue generation, and the direction of Minnesota Statutes, section 127A.31, to secure maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

\$50,000 the first year and \$50,000 the second year are from the state forest suspense account in the permanent school fund to identify, evaluate, and lease construction aggregate located on school trust lands.

~~\$250,000 the first year is for a grant to the Board of Regents of the University of Minnesota to drill a 5,000 foot core sampling bore hole at the Tower-Soudan mine complex in support of a National Science Foundation grant. This is a onetime appropriation.~~

Sec. 11. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective the day following final enactment.

ARTICLE 10
CLEAN WATER LEGACY

Section 1. **CLEAN WATER LEGACY APPROPRIATIONS.**

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund to the agencies and for the purposes specified in this article. Unless otherwise specified, the appropriations in this article are available for the fiscal year ending June 30, 2007. Appropriations in this article that are encumbered under contract, including grant contracts, on or before June 30, 2007, are available until June 30, 2009. All the appropriations in this article are onetime appropriations.

The appropriations in this article must be used to protect, restore, and preserve the quality of Minnesota's surface waters. Allowable activities include surface water assessments, program activities that target identified impairments, and development of total maximum daily load studies (TMDL's) as required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d), and applicable federal regulations.

SUMMARY BY FUND

| <u>General</u> | <u>\$</u> | <u>2007</u> | <u>\$</u> | <u>TOTAL</u> |
|----------------|-----------|-------------------|-----------|-------------------|
| | \$ | <u>15,000,000</u> | \$ | <u>15,000,000</u> |

APPROPRIATIONS
Available for the Year
Ending June 30

| | | <u>2007</u> |
|---|----|------------------|
| Sec. 2. <u>POLLUTION CONTROL AGENCY</u> | \$ | <u>5,030,000</u> |
| <u>This appropriation may be spent for the following purposes:</u> | | |
| <u>(a) Statewide assessment of surface water quality and trends</u> | | <u>1,860,000</u> |
| <u>Up to \$1,010,000 is available for grants or contracts to support citizen monitoring of surface waters.</u> | | |
| <u>(b) Develop TMDL's and TMDL implementation plans for waters listed on the United States Environmental Protection Agency approved 2004 impaired waters list</u> | | <u>3,170,000</u> |
| <u>Up to \$1,740,000 is available for grants or contracts to develop TMDL's.</u> | | |
| Sec. 3. <u>PUBLIC FACILITIES AUTHORITY</u> | | <u>100,000</u> |
| <u>Small community wastewater treatment loans and grants</u> | | <u>100,000</u> |
| Sec. 4. <u>AGRICULTURE DEPARTMENT</u> | | <u>2,400,000</u> |
| <u>This appropriation may be spent for the following purposes:</u> | | |
| <u>(a) Agricultural best management practices loan program</u> | | <u>1,200,000</u> |
| <u>For loans to producers and rural landowners. This appropriation is available until spent.</u> | | |
| <u>At least \$1,000,000 is available for pass-through to local governments and lenders for low-interest loans.</u> | | |
| <u>(b) Technical assistance</u> | | <u>400,000</u> |
| <u>To expand technical assistance to producers and conservation professionals on nutrient and pasture management, target practices to sources of water</u> | | |

impairments, coordinate federal and state farm conservation programs to fully utilize federal conservation funds, and expand conservation planning assistance for producers.

\$210,000 is available for grants or contracts to develop nutrient and conservation planning assistance information materials.

(c) Research, evaluation, and effectiveness monitoring of agricultural practices in restoring impaired waters 800,000

Sec. 5. **BOARD OF WATER AND SOIL RESOURCES** 5,840,000

All of the money appropriated in this section as grants to local governments shall be administered through the Board of Water and Soil Resources' local water resources protection and management program under Minnesota Statutes, section 103B.3369.

This appropriation may be spent for the following purposes:

(a) Targeted nonpoint restoration cost-share and incentive payments 1,500,000

Up to \$1,400,000 is available for grants.

(b) Targeted nonpoint restoration technical, compliance, and engineering assistance activities 2,000,000

Up to \$1,800,000 is available for grants.

(c) Reporting and evaluation of applied soil and water conservation practices 200,000

(d) Grants to implement county individual sewage treatment system programs 730,000

(e) Grants to support local nonpoint source protection activities related to lake and river protection and management 1,410,000

Sec. 6. **DEPARTMENT OF NATURAL RESOURCES** 1,630,000

This appropriation may be spent for the following purposes:

| | |
|--|----------------|
| <u>(a) Statewide assessment of surface water quality and trends</u> | <u>280,000</u> |
| <u>(b) Acquire high priority, sensitive riparian lands</u> | <u>500,000</u> |
| <u>(c) Forest stewardship planning and implementation; research, evaluation, and monitoring; and technical assistance to local units of government</u> | <u>850,000</u> |

Sec. 7. Minnesota Statutes 2004, section 114D.30, subdivision 2, as added by 2006 S.F. No. 762, if enacted, is amended to read:

Subd. 2. **Membership; appointment.** The commissioners of natural resources, agriculture, and the Pollution Control Agency, and the executive director of the Board of Water and Soil Resources shall appoint one person from their respective agency to serve as a member of the council. Agency members serve as nonvoting members of the council. ~~Seventeen~~ Nineteen additional nonagency members of the council shall be appointed by the governor as follows:

- (1) two members representing statewide farm organizations;
- (2) ~~one member~~ two members representing business organizations;
- (3) ~~one member~~ two members representing environmental organizations;
- (4) one member representing soil and water conservation districts;
- (5) one member representing watershed districts;
- (6) one member representing nonprofit organizations focused on improvement of Minnesota lakes or streams;
- (7) two members representing organizations of county governments, one member representing the interests of rural counties and one member representing the interests of counties in the seven-county metropolitan area;
- (8) two members representing organizations of city governments;
- (9) one member representing the Metropolitan Council established under section 473.123;
- (10) one township officer;
- (11) one member representing the interests of tribal governments;
- (12) one member representing statewide hunting organizations;
- (13) one member representing the University of Minnesota or a Minnesota state university; and
- (14) one member representing statewide fishing organizations.

Members appointed under clauses (1) to (14) must not be registered lobbyists. In making appointments, the governor must attempt to provide for geographic balance. The members of the council appointed by the governor are subject to the advice and consent of the senate.

ARTICLE 11

ECONOMIC DEVELOPMENT

Section 1. ECONOMIC DEVELOPMENT APPROPRIATIONS.

products, and the jobs created, including wages and benefits. This is a onetime appropriation.

Subd. 3. Youthbuild

150,000

For the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. The base for this appropriation is \$75,000 in fiscal year 2008 and after.

Subd. 4. Hard hats program

200,000

For a grant to the Summit Academy OIC for the 100 hard hats program. This is a onetime appropriation.

Subd. 5. Biotech partnership

15,000,000

For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. The is a onetime appropriation.

An annual report on the expenditure of this appropriation must be submitted to the governor and the chairs of the senate Higher Education Budget Division, the house of representatives Higher Education Finance Committee, the senate Environment, Agriculture, and Economic Development Budget Division, and the house of representatives Jobs and Economic Opportunity Policy and Finance Committee by June 30 of each fiscal year until the appropriation is expended. This appropriation is available until expended.

Subd. 6. Itasca County infrastructure

11,500,000

For transfer to the Minnesota minerals 21st century fund for a grant to Itasca County to design, construct, and equip roads, rail lines, natural gas pipelines, water supply systems, or wastewater collection and treatment systems for a steel plant in Itasca County. Of this amount, up to \$500,000 may be used for other mineral related projects in the taconite relief area. This is a onetime appropriation.

Subd. 7. Programs for persons with developmental and mental disabilities

150,000

For a grant to Advocating Change Together. The grant must be used to provide training, technical assistance, and resource materials to persons with

developmental and mental health disabilities. This appropriation becomes part of the base appropriation for the Department of Employment and Economic Development.

Subd. 8. Wastewater treatment 100,000

For a grant to the city of Cedar Mills for costs it incurred in construction of a wastewater treatment system for 28 properties. The city must use the money to reduce its indebtedness for additional costs of the system that was not part of the originally planned project and resulted in excessive costs to homeowners. This is a onetime appropriation.

Subd. 9. Pilot workforce program 250,000

This appropriation is from the workforce development fund for grants to the West Central Initiative in Fergus Falls. These grants must be used to implement and operate Northern Connections, a pilot workforce program that provides one-stop supportive services to assist individuals as they transition into the workforce. This appropriation is available to the extent matched by \$1 of nonstate money for each \$1 of state money. This is a onetime appropriation.

Subd. 10. Summer youth employment 1,250,000 1,250,000

This appropriation is from the workforce development fund for grants to fund summer youth employment in Minneapolis. The grants shall be used to fund up to 500 jobs for youth each summer. Of this appropriation, \$250,000 the first year and \$250,000 the second year are for a grant to the learn-to-earn summer youth employment program. The commissioner shall establish criteria for awarding the grants. This appropriation is available in either year of the biennium and is available until spent.

Subd. 11. Veterans' memorial 10,000

For a grant to the city of Worthington for the construction of a veterans' memorial in Freedom Veterans' Memorial Park. This appropriation is contingent upon the receipt of local matching money on a \$1 to \$1 basis. This is a onetime appropriation.

Subd. 12. Workforce partnership 450,000

This appropriation is from the workforce development fund for a pilot project to encourage the licensure in Minnesota of foreign-trained health care professionals, including physicians, nurses, dentists, pharmacists, veterinarians, and other allied health care professionals. The commissioner must work with local workforce boards to award grants to foreign-trained health care professionals that are sufficient to cover the actual costs of taking a course intended to prepare health care professionals for required licensing examinations and the fee for taking required licensing examinations. When awarding grants, the commissioner must consider whether the recipient's training involves a medical specialty that is in demand in one or more Minnesota communities. The commissioner also must establish additional criteria for the award of grants. The program will begin on July 1, 2006, and end on June 30, 2007. The commissioner must submit a report evaluating the effectiveness of the pilot program to the legislative committees with jurisdiction over employment by October 1, 2007. This is a onetime appropriation.

Subd. 13. Housing collaboration

25,000

For a grant to the city of St. Louis Park for the Meadowbrook collaborative housing project to enhance youth outreach services and to provide educational and recreational programming for at-risk youth. The collaborative must include a cross section of public and private sector community representatives. This is a onetime appropriation.

Sec. 3. DEPARTMENT OF COMMERCE

477,000

478,000

Notwithstanding Minnesota Statutes, section 115C.09, subdivision 2a, this appropriation is from the petroleum tank release cleanup fund for costs reimbursable to the Department of Transportation under Minnesota Statutes, section 115C.09, that were incurred before January 1, 2004. This is a onetime appropriation.

Sec. 4. DEPARTMENT OF HUMAN SERVICES

200,000

This appropriation is from the telecommunications access Minnesota fund under Minnesota Statutes, section 237.52, to supplement the ongoing operational expenses of the Commission Serving Deaf and Hard-of-Hearing People. This appropriation shall

become part of base level funding for the commission for the biennium beginning July 1, 2007.

Sec. 5. **BOXING COMMISSION**

50,000

To operate and administer the commission. This is a onetime appropriation.

By December 15, 2006, the commission must submit a report to the governor and the legislature setting forth a fee schedule that raises sufficient revenue to operate and administer the commission in fiscal year 2008 and thereafter.

Sec. 6. **EXPLORE MINNESOTA TOURISM**

1,700,000

For a grant to the Minnesota Film and TV Board for reimbursements of up to 15 percent of film production costs incurred in Minnesota, under Minnesota Statutes, section 116U.26. This appropriation is available for films that begin filming on or after May 1, 2006, and is available until June 30, 2007. This is a onetime appropriation.

Sec. 7. **MINNESOTA HISTORICAL SOCIETY**

200,000

For a onetime grant to the Minnesota Agricultural Interpretive Center in Waseca to equip and restore current sites and exhibits.

Sec. 8. Laws 2005, First Special Session chapter 1, article 3, section 2, subdivision 4, is amended to read:

| | | |
|------------------------------------|------------|------------|
| Subd. 4. Workforce Services | 27,960,000 | 28,160,000 |
|------------------------------------|------------|------------|

Summary by Fund

| | | |
|-----------------------|------------|------------|
| General | 20,165,000 | 20,165,000 |
| Workforce Development | 7,795,000 | 7,995,000 |

\$4,864,000 the first year and \$4,864,000 the second year are from the general fund and \$7,420,000 the first year and \$7,420,000 the second year are from the workforce development fund for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of the amount from the

workforce development fund, \$500,000 each year is onetime.

\$1,690,000 the first year and \$1,690,000 the second year are from the general fund for grants under Minnesota Statutes, section 268A.11, for the eight centers for independent living. Money not expended the first year is available the second year.

\$150,000 the first year and \$150,000 the second year are from the general fund and \$175,000 the first year and \$175,000 the second year are from the workforce development fund for grants under Minnesota Statutes, section 268A.03, to Rise, Inc. for the Minnesota Employment Center for People Who are Deaf or Hard-of-Hearing. Money not expended the first year is available the second year. Of the amount from the workforce development fund, \$150,000 each year is ~~onetime~~ added to the budget base.

\$1,000,000 the first year and \$1,000,000 the second year are from the general fund and \$200,000 the first year and \$400,000 the second year are from the workforce development fund for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Up to \$77,000 each year may be used for administrative and salary expenses. The appropriation from the workforce development fund is onetime.

\$4,940,000 the first year and \$4,940,000 the second year are from the general fund for state services for the blind activities.

\$7,521,000 the first year and \$7,521,000 the second year are from the general fund for the state's vocational rehabilitation program for people with significant disabilities to assist with employment, under Minnesota Statutes, chapter 268A.

On or after July 1, 2005, the commissioner of finance shall cancel the unencumbered balance in the contaminated site cleanup and development account to the unrestricted fund balance in the general fund.

Sec. 9. [116J.656] SMALL BUSINESS ACCESS TO FEDERAL RESEARCH FUNDS.

(a) The commissioner shall assist small businesses to access federal money through the federal Small Business Innovation Research program and the Small Business Technology Transfer program. In providing this assistance, the commissioner shall maintain connections to eligible federal programs, assess specific

funding opportunities, review funding proposals, provide referrals to specific consulting services, and hold training workshops throughout the state.

(b) Unless prohibited by federal law, the commissioner must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The fees must be deposited in a special revenue account and are annually appropriated to the commissioner for the Small Business Innovation Research and Small Business Technology Transfer programs.

Sec. 9a. **[116U.26] FILM JOBS PRODUCTION PROGRAM.**

(a) The film production jobs program is created. The program shall be operated by the Minnesota Film and TV Board with administrative oversight and control by the director of Explore Minnesota Tourism. The program shall make payment to producers of feature films, national television programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to the Minnesota Film and TV Board of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

The Minnesota Film and TV Board shall make recommendations to the director of Explore Minnesota Tourism about program payment, but the director has the authority to make the final determination on payments. The director's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

(i) a story and scenario to be used for a film;

(ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;

(iii) set construction and operations, wardrobe, accessories, and related services;

(iv) photography, sound synchronization, lighting, and related services;

(v) editing and related services;

(vi) rental of facilities and equipment; or

(vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice; and

(2) "film" means a movie, television show, documentary, music video, or television commercial, whether on film or video. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

Sec. 10. Minnesota Statutes 2005 Supplement, section 216C.41, subdivision 3, is amended to read:

Subd. 3. **Eligibility window.** Payments may be made under this section only for electricity generated:

(1) from a qualified hydroelectric facility that is operational and generating electricity before December 31, ~~2007~~ 2009;

(2) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, ~~2007~~ 2008; or

(3) from a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2017.

Sec. 11. Minnesota Statutes 2004, section 216C.41, subdivision 4, is amended to read:

Subd. 4. **Payment period.** (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, ~~2017~~ 2019;

(2) by a qualified wind energy conversion facility after December 31, ~~2017~~ 2018; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2015.

(b) The payment period begins and runs consecutively from the date the facility begins generating electricity or, in the case of refurbishment of a hydropower facility, after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Sec. 12. Minnesota Statutes 2004, section 326.105, is amended to read:

326.105 FEES.

The fee for licensure or renewal of licensure as an architect, professional engineer, land surveyor, landscape architect, or geoscience professional is \$120 per biennium. The fee for certification as a certified interior designer or for renewal of the certificate is \$120 per biennium. The fee for an architect applying for original certification as a certified interior designer is \$50 per biennium. The initial license or certification fee for all professions is \$120. The renewal fee shall be paid biennially on or before June 30 of each even-numbered year. The renewal fee, when paid by mail, is not timely paid unless it is postmarked on or before June 30 of each even-numbered year. The application fee is \$25 for in-training applicants and \$75 for professional license applicants.

~~The fee for monitoring licensing examinations for applicants is \$25, payable by the applicant.~~

Sec. 13. **[341.21] DEFINITIONS.**

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Boxing.** "Boxing" means the act of attack and defense with the fists, using padded gloves, that is practiced as a sport under the rules of the Association of Boxing Commissions, or equivalent. Where applicable, boxing includes tough person contests.

Subd. 3. **Commission.** "Commission" means the Minnesota Boxing Commission.

Subd. 4. **Contest.** "Contest" means any boxing contest, match, or exhibition.

Subd. 5. **Professional.** "Professional" means any person who competes for any money prize or a prize that exceeds the value of \$50 or teaches, pursues, or assists in the practice of boxing as a means of obtaining a livelihood or pecuniary gain.

Subd. 6. **Director.** "Director" means the executive director of the commission.

Subd. 7. **Tough person contest.** "Tough person contest," including contests marketed as tough man and tough woman contests, means any boxing match consisting of one-minute rounds between two or more persons who use their hands, or their feet, or both, in any manner. Tough person contest does not include kick boxing or any recognized martial arts competition.

Sec. 14. **[341.22] BOXING COMMISSION.**

There is hereby created the Minnesota Boxing Commission consisting of five members who are citizens of this state. The members must be appointed by the governor. One member of the commission must be a retired judge of the Minnesota district court, Minnesota Court of Appeals, Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals, and at least three members must have knowledge of the boxing industry. The governor shall make serious efforts to appoint qualified women to serve on the commission. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements must be as provided in sections 214.07 to 214.09. The provision of staff, administrative services, and office space; the review and processing of complaints; the setting of fees; and other provisions relating to commission operations must be as provided in chapter 214. The purpose of the commission is to protect health, promote safety, and ensure fair events.

Sec. 15. **[341.23] LIMITATIONS.**

No member of the Boxing Commission may directly or indirectly promote a boxing contest, directly or indirectly engage in the managing of a boxer, or have an interest in any manner in the proceeds from a boxing contest.

Sec. 16. **[341.24] EXECUTIVE DIRECTOR.**

The governor may appoint, and at pleasure remove, an executive director and prescribe the powers and duties of the office. The executive director shall not be a member of the commission. The commission may employ personnel necessary to the performance of its duties.

Sec. 17. **[341.25] RULES.**

(a) The commission may adopt rules that include standards for the physical examination and condition of boxers and referees.

(b) The commission may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of boxing exhibitions, bouts, and fights, and their manner, supervision, time, and place.

Sec. 18. **[341.26] MEETINGS.**

The commission shall hold a regular meeting quarterly and may hold special meetings. Except as otherwise provided in law, all meetings of the commission must be open to the public and reasonable notice of the meetings must be given under chapter 13D.

Sec. 19. **[341.27] COMMISSION DUTIES.**

The commission shall:

- (1) issue, deny, renew, suspend, or revoke licenses;
- (2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;
- (3) keep public records of the commission open to inspection at all reasonable times;
- (4) assist the director in the development of rules to be implemented under this chapter; and
- (5) conform to the rules adopted under this chapter.

Sec. 20. **[341.28] REGULATION OF BOXING CONTESTS.**

Subdivision 1. **Regulatory authority; boxing.** All professional boxing contests are subject to this chapter. Every contestant in a boxing contest shall wear padded gloves that weigh at least eight ounces. The commission shall, for every boxing contest:

- (1) direct a commission member to be present; and
- (2) direct the attending commission member to make a written report of the contest.

All boxing contests within this state must be conducted according to the requirements of this chapter.

Subd. 2. **Regulatory authority; tough person contests.** All tough person contests, including amateur tough person contests, are subject to this chapter. Every contestant in a tough person contest shall wear padded gloves that weigh at least 12 ounces.

Sec. 21. **[341.29] JURISDICTION OF COMMISSION.**

The commission shall:

(1) have sole direction, supervision, regulation, control, and jurisdiction over all boxing contests and tough person contests held within this state unless a contest is exempt from the application of this chapter under federal law;

(2) have sole control, authority, and jurisdiction over all licenses required by this chapter; and

(3) grant a license to an applicant if, in the judgment of the commission, the financial responsibility, experience, character, and general fitness of the applicant are consistent with the public interest, convenience, or necessity and the best interests of boxing and conforms with this chapter and the commission's rules.

Sec. 22. **[341.30] LICENSURE; PERSONS REQUIRED TO OBTAIN LICENSES; REQUIREMENTS; BACKGROUND INFORMATION; FEE; BOND.**

Subdivision 1. **Licensure; individuals.** All referees, judges, matchmakers, promoters, trainers, ring announcers, timekeepers, ringside physicians, boxers, boxers' managers, and boxers' seconds are required to be licensed by the commission. The commission shall not permit any of these persons to participate in the holding or conduct of any boxing contest unless the commission has first issued the person a license.

Subd. 2. **Entity licensure.** Before participating in the holding or conduct of any boxing contest, a corporation, partnership, limited liability company, or other business entity organized and existing under law, its officers and directors, and any person holding 25 percent or more of the ownership of the corporation shall obtain a license from the commission and must be authorized to do business under the laws of this state.

Subd. 3. **Background investigation.** The commission may require referees, judges, matchmakers, promoters, and boxers to furnish fingerprints and background information under commission rules before licensure. The commission shall charge a fee for receiving fingerprints and background information in an amount determined by the commission. The commission may require referees, judges, matchmakers, promoters, and boxers to furnish fingerprints and background information before license renewal. The fee may include a reasonable charge for expenses incurred by the commission or the Department of Public Safety. For this purpose, the commission and the Department of Public Safety may enter into an interagency agreement.

Subd. 4. **Prelicensure requirements.** (a) Before the commission issues a license to a promoter, matchmaker, corporation, or other business entity, the applicant shall:

(1) provide the commission with a copy of any agreement between a contestant and the applicant that binds the applicant to pay the contestant a certain fixed fee or percentage of the gate receipts;

(2) show on the application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

(3) provide the commission with a copy of the latest financial statement of the entity; and

(4) provide the commission with a copy or other proof acceptable to the commission of the insurance contract or policy required by this chapter.

(b) Before the commission issues a license to a promoter, the applicant shall deposit with the commission a cash bond or surety bond in an amount set by the commission. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it.

(c) Before the commission issues a license to a boxer, the applicant shall submit to the commission the results of a current medical examination on forms furnished or approved by the commission. The medical examination must include an ophthalmological and neurological examination. The ophthalmological examination must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by boxing. The neurological examination must include an electroencephalogram or medically superior test if the boxer has been knocked unconscious in a previous boxing or other athletic competition. The commission may also order an electroencephalogram or other appropriate neurological or physical examination before any contest, match, or exhibition if it determines that the examination is desirable to protect the health of the boxer.

Sec. 23. [341.31] SIMULCAST LICENSES.

The commission shall issue a license to a person or organization holding, showing, or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or sparring match on a closed circuit telecast or subscription television program viewed within the state, whether originating in this state or elsewhere, and for which a charge is made. Each person or organization shall apply for such a license in advance of each showing. No showing may be licensed unless the person or organization applying for the license:

(1) certifies that the match is subject to the jurisdiction and regulation of a boxing or athletic regulatory authority in another state or country;

(2) certifies the match is in compliance with the requirements of the authority;

(3) identifies the authority; and

(4) provides any information the commission may require.

Sec. 24. [341.32] LICENSE FEES; EXPIRATION; RENEWAL.

Subdivision 1. **Annual licensure.** The commission may establish and issue annual licenses subject to the collection of advance fees by the commission for promoters, matchmakers, managers, judges, referees, ring announcers, ringside physicians, timekeepers, boxers, boxers' trainers, boxers' seconds, business entities filing for a license to participate in the holding of any boxing contest, and officers, directors, or other persons affiliated with the business entity.

Subd. 2. **Expiration and renewal.** A license expires December 31 at midnight in the year of its issuance and may be renewed by filing an application for renewal with the commission and payment of the license fee. An application for a license and renewal of a license must be on a form provided by the commission. There is a 30-day grace period during which a license may be renewed if a late filing penalty fee equal to the license fee is submitted with the regular license fee. A licensee that files late shall not conduct any activity regulated by this chapter until the commission has renewed the license. If the licensee

fails to apply to the commission within the 30-day grace period, the licensee must apply for a new license under subdivision 1.

Sec. 25. **[341.321] FEE SCHEDULE.**

The fee schedule for licenses issued by the Minnesota Boxing Commission is as follows:

- (1) referees, \$35 for each initial license and each renewal;
- (2) promoters, \$400 for each initial license and each renewal;
- (3) judges, \$25 for each initial license and each renewal;
- (4) trainers, \$35 for each initial license and each renewal;
- (5) ring announcers, \$25 for each initial license and each renewal;
- (6) boxers' seconds, \$25 for each initial license and each renewal;
- (7) timekeepers, \$25 for each initial license and each renewal; and
- (8) boxers, \$35 for each initial license and each renewal.

All fees collected by the Minnesota Boxing Commission must be deposited in the Boxing Commission account in the special revenue fund.

Sec. 26. **[341.33] CONTESTANTS AND REFEREES; PHYSICAL EXAMINATION; ATTENDANCE OF PHYSICIAN; PAYMENT OF FEES.**

Subdivision 1. Examination by physician. All boxers and referees must be examined by a physician licensed by this state within three hours before entering the ring, and the examining physician shall immediately file with the commission a written report of the examination. The physician's examination shall report on the condition of the boxer's heart and general physical and neurological condition. The physician's report may record the condition of the boxer's nervous system and brain as required by the commission. The physician may prohibit the boxer from entering the ring if, in the physician's professional opinion, it is in the best interest of the boxer's health. The cost of the examination is payable by the person or entity conducting the contest or exhibition.

Subd. 2. Attendance of physician. A person holding or sponsoring a boxing contest shall have in attendance a physician licensed by this state. The commission may establish a schedule of fees to be paid to each attending physician by the person holding or sponsoring the contest.

Sec. 27. **[341.34] INSURANCE.**

Subdivision 1. Required insurance. The commission shall:

- (1) require insurance coverage for a boxer to provide for medical, surgical, and hospital care for injuries sustained in the ring in an amount of at least \$20,000 and payable to the boxer as beneficiary; and
- (2) require life insurance for a boxer in the amount of at least \$20,000 payable in case of accidental death resulting from injuries sustained in the ring.

Subd. 2. Payment for insurance. The cost of the insurance required by this section is payable by the promoter.

Sec. 28. **[341.35] PENALTIES FOR NONLICENSED EXHIBITIONS.**

Any person or persons who send or cause to be sent, published, or otherwise made known, any challenge to fight what is commonly known as a prize fight, or engage in any public boxing or sparring match

or contest, with or without gloves, for any prize, reward, or compensation, or for which any admission fee is charged directly or indirectly, or go into training preparatory for the fight, exhibition, or contest, or act as a trainer, aider, abettor, backer, umpire, referee, second, surgeon, assistant, or attendant at the fight, exhibition, or contest, or in any preparation for same, and any owner or lessee of any ground, building, or structure of any kind permitting the same to be used for any fight, exhibition, or contest, is guilty of a misdemeanor unless a license for the holding of the fight, exhibition, or contest has been issued by the commission in compliance with the rules adopted by it.

Sec. 29. **[341.37] APPROPRIATION.**

A Boxing Commission account is created in the special revenue fund. Money in the account is annually appropriated to the Boxing Commission for the purposes of conducting its statutory responsibilities and obligations.

Sec. 30. Minnesota Statutes 2004, section 469.334, subdivision 1, is amended to read:

Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation with the commissioner of revenue and the director of the Office of Strategic and Long-Range Planning, shall designate ~~not more than~~ one or more biotechnology and health sciences industry zone. Priority must be given to applicants with a development plan that links a higher education/research institution with a biotechnology and health sciences industry facility.

(b) The commissioner may consult with the applicant prior to the designation of the zone. The commissioner may modify the development plan, including the boundaries of the zone or subzones, if in the commissioner's opinion a modified plan would better meet the objectives of the biotechnology and health sciences industry zone program. The commissioner shall notify the applicant of the modifications and provide a statement of the reasons for the modifications.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 31. Minnesota Statutes 2004, section 469.334, subdivision 4, is amended to read:

Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (e) applies to the designation of the first biotechnology and health sciences industry zone.

(b) The commissioner shall publish the form for applications and any procedural, form, or content requirements for applications by no later than August 1, 2003. The commissioner may publish these requirements on the Internet, in the State Register, or by any other means the commissioner determines appropriate to disseminate the information to potential applicants for designation.

(c) Applications must be submitted by October 15, 2003.

(d) The commissioner shall designate the zones by no later than December 31, 2003.

(e) The designation of the zones takes effect January 1, 2004.

(f) Additional zones may be designated in later years, following substantially the same application and designation process as provided in paragraphs (b) to (e).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 32. **REPEALER.**

Minnesota Statutes 2004, section 116J.543, is repealed.

ARTICLE 12
TRANSPORTATION

Section 1. **TRANSPORTATION APPROPRIATIONS.**

The sums shown in the columns marked "APPROPRIATIONS" are added to the appropriations in Laws 2005, First Special Session chapter 6, article 1, or other specified law, to the named agencies and for the specified purposes. The sums shown are appropriated from the general fund, or another named fund, to be available for the fiscal year indicated for each purpose. The figure "2007" used in this article means that the appropriations listed under it are available for the fiscal year ending June 30, 2007.

APPROPRIATIONS
Available for the Year
Ending June 30, 2007

\$

Sec. 2. **TOTAL APPROPRIATION** 692,000

Sec. 3. **TRANSPORTATION**

Department of Transportation radio tower 380,000

To design and construct a new radio tower in Roseau County. This appropriation is available until expended.

Sec. 4. **STATE PATROL**

Automatic defibrillators 312,000

For purchase of automated external defibrillators for State Patrol vehicles. This is a onetime appropriation. It is available until June 30, 2009, and is available only as matched by \$2 from nonstate sources for each \$3 from this appropriation.

Sec. 5. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 13
PUBLIC SAFETY

Section 1. **PUBLIC SAFETY APPROPRIATIONS.**

The sums shown in the columns marked "APPROPRIATIONS" are added to the appropriations in Laws 2005, chapter 136, article 1, or other law to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2006" and "2007" used in this article mean that the addition to the appropriation listed under them is available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year 2007. "The biennium" is fiscal years 2006 and 2007. Supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, are effective the day following final enactment.

SUMMARY BY FUND

| | <u>2006</u> | <u>2007</u> | <u>TOTAL</u> |
|------------------------|--------------|---------------|---------------|
| <u>General</u> | \$ 3,846,000 | \$ 15,774,000 | \$ 19,620,000 |
| <u>Special Revenue</u> | -0- | 200,000 | 200,000 |
| <u>TOTAL</u> | \$ 3,846,000 | \$ 15,974,000 | \$ 19,820,000 |

APPROPRIATIONS
Available for the Year
Ending June 30

| | <u>2006</u> | <u>2007</u> |
|------------------------------|-------------|-------------|
| Sec. 2. <u>SUPREME COURT</u> | \$ -0- | \$ 600,000 |

AOD offenders

For the first phase of a judicial initiative to more effectively address the increasing numbers of alcohol and other drug (AOD) offenders coming into Minnesota courts, including the increase in methamphetamine offenders. This is a onetime appropriation. Of this amount:

(1) \$300,000 is for a study to recommend a more uniform and cost-effective structure for creating statewide applications of the problem-solving court model;

(2) \$100,000 is to augment treatment services for problem-solving courts; and

(3) \$200,000 is for development of a multicounty pilot problem-solving court.

| | | |
|--|---------|-----|
| Sec. 3. <u>BOARD ON JUDICIAL STANDARDS</u> | 172,000 | -0- |
|--|---------|-----|

Special hearings

For costs of special hearings and an investigation regarding complaints of judicial misconduct. This is a onetime appropriation and is available until June 30, 2007.

Sec. 4. **PUBLIC SAFETY**

| | | |
|--|----------------|------------------|
| <u>Subdivision 1. Total appropriation</u> | <u>461,000</u> | <u>4,628,000</u> |
|--|----------------|------------------|

These appropriations are added to the appropriations in Laws 2005, chapter 136, article 1, section 9. The amounts that may be spent from these appropriations for each program are specified in subdivisions 2, 3, and 4.

| | | |
|---|----------------|------------|
| <u>Subd. 2. Emergency Management</u> | <u>284,000</u> | <u>-0-</u> |
|---|----------------|------------|

The fiscal year 2006 appropriation is to provide matching funds for FEMA funds received for natural disaster assistance payments. This appropriation is available on the day after enactment and is available until June 30, 2007. This is a onetime appropriation.

| | | |
|--|------------|------------------|
| <u>Subd. 3. Criminal Apprehension</u> | <u>-0-</u> | <u>1,300,000</u> |
|--|------------|------------------|

This appropriation may be spent for the following purposes:

| | | |
|---|------------|------------------|
| <u>(a) Child pornography investigative unit</u> | <u>-0-</u> | <u>1,000,000</u> |
|---|------------|------------------|

To create a child pornography investigative unit to assist law enforcement throughout the state. The base for this activity shall be \$778,000 in fiscal year 2008 and fiscal year 2009.

| | | |
|--|------------|----------------|
| <u>(b) Predatory offender database</u> | <u>-0-</u> | <u>200,000</u> |
|--|------------|----------------|

For the enhancement of the predatory offender database to facilitate public notification of noncompliant sex offenders via the Internet. The base for this activity shall be \$116,000 in fiscal year 2008 and fiscal year 2009.

| | | |
|--|------------|----------------|
| <u>(c) Missing persons and unidentified bodies backlog</u> | <u>-0-</u> | <u>100,000</u> |
|--|------------|----------------|

To address the missing persons and unidentified bodies backlog. This is a onetime appropriation.

The superintendent shall coordinate with federal and local units of government; federal, state, and local law enforcement agencies; medical examiners; coroners;

odontologists; and other entities to reduce the state's reporting, data entry, and record-keeping backlog relating to missing persons and unidentified bodies. To the degree feasible, the superintendent shall ensure that all necessary data and samples, including, but not limited to, DNA samples and dental records get entered into all relevant federal and state databases.

By February 1, 2007, the superintendent shall report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding on the efforts to reduce the state's backlog. The report must give detailed information on how this appropriation was spent and how this affected the backlog. In addition, the report must make recommendations for changes to state law, including suggested legislative language, to improve reporting, data entry, and record keeping relating to future cases involving missing persons and unidentified bodies.

The superintendent, in consultation with the Minnesota Sheriffs Association and the Minnesota Chiefs of Police Association, shall develop a model policy to address law enforcement efforts and duties regarding missing adults and provide training to local law enforcement agencies on this model policy.

By February 1, 2007, the superintendent shall report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding on the model policy and training.

Subd. 4. Office of justice programs

177,000

3,328,000

This appropriation may be spent for the following purposes:

(a) **Gang strike force and narcotic task forces**

-0-

800,000

For expanded operations of the criminal gang strike force and narcotics task forces. This money is to be used to expand the activities of the criminal gang strike force and narcotics task forces to include investigations of gang or narcotics-related human trafficking and domestic or international drug trafficking cases. This appropriation must be used to increase the complement of individuals assigned

to the criminal gang strike force and narcotics task forces throughout the state.

(b) Safe harbor for sexually exploited youth pilot project -0- 98,000

For a grant to Ramsey County to implement the safe harbor for sexually exploited youth pilot project. The project must develop a victim services model to address the needs of sexually exploited youth. The project must focus on intervention and prevention methods; training for law enforcement, educators, social services providers, health care workers, advocates, court officials, prosecutors, and public defenders; and programs promoting positive outcomes for victims. The project must include development and implementation of a statewide model protocol for intervention and response methods for professionals, individuals, and agencies that may encounter sexually exploited youth. "Sexually exploited youth" include juvenile runaways, truants, and victims of criminal sexual conduct, prostitution, labor trafficking, sex trafficking, domestic abuse, and assault. This is a onetime appropriation.

By January 15, 2008, Ramsey County shall report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding and policy on the results of the pilot project.

(c) Human trafficking task force and plan -0- 75,000

To implement Minnesota Statutes, sections 299A.78 to 299A.7955, relating to the human trafficking task force and plan. This is a onetime appropriation.

(d) Legal advocacy trafficking victims -0- 60,000

For grants to three weekly clinics in Hennepin County that are staffed by attorneys from a nonprofit organization that provides free legal services to immigrants. This is a onetime appropriation.

(e) Toll-free hotline -0- 35,000

To implement the toll-free hotline for trafficking victims described in Minnesota Statutes, section 299A.7957. The base budget for this activity is \$15,000 in fiscal year 2008 and fiscal year 2009.

(f) Youth intervention programs -0- 200,000

For youth intervention programs under Minnesota Statutes, section 299A.73. This money must be used to help existing programs serve unmet needs in communities and to create new programs in underserved areas of the state. This appropriation is added to the program's base budget.

(g) Crime victim support grant -0- 150,000

For a grant to a private, nonprofit organization dedicated to providing immediate and long-term emotional support and practical help for the families and friends of individuals who have died by homicide, suicide, or accident. This is a onetime appropriation.

(h) Minneapolis Security Collaborative -0- 200,000

For a grant to the city of Minneapolis. This grant money is to be used by the Minneapolis Police Department to expand the worksite system throughout the city that supports the downtown security collaborative currently in use in the city's first precinct. The city shall give the highest priority to expanding the system to neighborhoods having the highest crime rate per capita. This is a onetime appropriation.

(i) Additional Minneapolis peace officers -0- 1,533,000

For a grant to the city of Minneapolis. This grant money is to be used by the Minneapolis Police Department to hire additional peace officers to be assigned to downtown Minneapolis.

The commissioner shall work with the Bureau of Criminal Apprehension, the State Patrol, the Hennepin County Sheriff's Office, the Minneapolis Police Department, and the Metro Transit Police, in a collaborative manner to increase and coordinate law enforcement efforts in downtown Minneapolis. This is a onetime appropriation.

(j) Financial Crimes Task Force 177,000 177,000

This is a onetime appropriation.

Sec. 5. **CORRECTIONS**

Subdivision 1. **Total appropriation** 3,213,000 10,546,000

These appropriations are added to the appropriations in Laws 2005, chapter 136, article 1, section 13. The amounts that may be spent from these appropriations for each program are specified in subdivisions 2 and 3.

| | | |
|--|------------------|------------------|
| <u>Subd. 2. Correctional institutions</u> | <u>2,668,000</u> | <u>8,788,000</u> |
|--|------------------|------------------|

The base for this item is \$6,875,000 in fiscal year 2008 and fiscal year 2009.

Subd. 3. **Community services**

| | | |
|-------------------------------|----------------|------------------|
| <u>(a) General operations</u> | <u>545,000</u> | <u>1,758,000</u> |
|-------------------------------|----------------|------------------|

The base for this item is \$1,250,000 in fiscal year 2008 and fiscal year 2009.

| | | |
|------------------------------|------------|----------------|
| <u>(b) Mentoring program</u> | <u>-0-</u> | <u>250,000</u> |
|------------------------------|------------|----------------|

For a grant to a nonprofit organization that is located in the greater Twin Cities and provides one-to-one mentoring relationships to youth enrolled between the ages of seven to 13 whose parent or other significant family member is incarcerated in a county workhouse, county jail, state prison, or other type of correctional facility or is subject to correctional supervision. The grant must be used to provide children with adult mentors to strengthen developmental outcomes, including enhanced self-confidence and esteem; improved academic performance; and improved relationships with peers, family, and other adults designed to prevent the mentored youth from entering the juvenile justice system.

As a condition of receiving the grant, the grant recipient must:

(1) collaborate with other organizations that have a demonstrated history of providing services to youth and families in disadvantaged situations;

(2) implement procedures to ensure that the mentors pose no safety risk to the child and have the skills to participate in a mentoring relationship;

(3) provide enhanced training to mentors focusing on asset building and family dynamics when a parent is incarcerated; and

(4) provide individual family plan and aftercare.

The grant recipient must submit an evaluation plan to the commissioner delineating the program and student outcome goals and activities implemented to achieve the stated outcomes. The goals must be clearly stated and measurable. The grant recipient must collect, analyze, and report on participation and outcome data that enable the department to verify that the program goals were met. This is a onetime appropriation.

| | | |
|-------------------------|------------|----------------|
| <u>(c) Scott County</u> | <u>-0-</u> | <u>196,000</u> |
|-------------------------|------------|----------------|

To increase the Community Corrections Act subsidy for the addition of Scott County. The money must be distributed according to the community corrections aid formula contained in Minnesota Statutes, section 401.10.

| | | |
|-------------------------------|------------|------------|
| <u>(d) Discharge planning</u> | <u>-0-</u> | <u>-0-</u> |
|-------------------------------|------------|------------|

Base funding for fiscal years 2008 and 2009 for discharge planning for inmates with mental illness is \$200,000 each year.

Sec. 6. Laws 2005, chapter 136, article 1, section 10, is amended to read:

| | | |
|---|-----------|--|
| Sec. 10. PEACE OFFICER STANDARDS AND TRAINING BOARD (POST) | 4,154,000 | 4,014,000 <u>4,214,000</u> |
|---|-----------|--|

EXCESS AMOUNTS TRANSFERRED. This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of \$4,154,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of ~~\$4,014,000~~ \$4,214,000 must be transferred and credited to the general fund.

TECHNOLOGY IMPROVEMENTS. \$140,000 the first year is for technology improvements.

PEACE OFFICER TRAINING REIMBURSEMENT. \$2,909,000 ~~each~~ the first year and \$3,109,000 the second year is for reimbursements to local governments for peace officer training costs.

Sec. 7. Minnesota Statutes 2005 Supplement, section 299A.641, subdivision 3, is amended to read:

Subd. 3. **Oversight council's duties.** The oversight council shall develop an overall strategy to ameliorate the harm caused to the public by gang and drug crime within the state of Minnesota. This strategy may include the development of protocols and procedures to investigate gang and drug crime and a structure for best addressing these issues in a multijurisdictional manner. Additionally, the oversight council shall:

- (1) identify and recommend a candidate or candidates for statewide coordinator to the commissioner of public safety;
- (2) establish multijurisdictional task forces and strike forces to combat gang and drug crime, to include a metro gang strike force and a gang strike force located in the St. Cloud metropolitan area;
- (3) assist the Department of Public Safety in developing an objective grant review application process that is free from conflicts of interest;
- (4) make funding recommendations to the commissioner of public safety on grants to support efforts to combat gang and drug crime;
- (5) assist in developing a process to collect and share information to improve the investigation and prosecution of drug offenses;
- (6) develop and approve an operational budget for the office of the statewide coordinator and the oversight council; and
- (7) adopt criteria and identifying characteristics for use in determining whether individuals are or may be members of gangs involved in criminal activity.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2005 Supplement, section 299A.78, is amended to read:

299A.78 STATEWIDE HUMAN TRAFFICKING ASSESSMENT.

Subdivision 1. **Definitions.** For purposes of sections 299A.78 to ~~299A.785~~ 299A.7955, the following definitions apply:

- (a) "Commissioner" means the commissioner of the Department of Public Safety.
- (b) "Nongovernmental organizations" means nonprofit, nongovernmental organizations that provide legal, social, or other community services.
- (c) "Blackmail" has the meaning given in section 609.281, subdivision 2.
- (d) "Debt bondage" has the meaning given in section 609.281, subdivision 3.
- (e) "Forced labor or services" has the meaning given in section 609.281, subdivision 4.
- (f) "Labor trafficking" has the meaning given in section 609.281, subdivision 5.
- (g) "Labor trafficking victim" has the meaning given in section 609.281, subdivision 6.
- (h) "Sex trafficking" has the meaning given in section 609.321, subdivision 7a.
- (i) "Sex trafficking victim" has the meaning given in section 609.321, subdivision 7b.
- (j) "Trafficking" includes "labor trafficking" and "sex trafficking."
- (k) "Trafficking victim" includes "labor trafficking victim" and "sex trafficking victim."

Subd. 2. **General duties.** The commissioner of public safety, in cooperation with local authorities, shall:

- (1) collect, share, and compile trafficking data among government agencies to assess the nature and extent of trafficking in Minnesota; and
- (2) analyze the collected data to develop a plan to address and prevent human trafficking.

Subd. 3. **Outside services.** As provided for in section 15.061, the commissioner of public safety may contract with professional or technical services in connection with the duties to be performed under ~~section~~ sections 299A.785, 299A.79, and 299A.795. The commissioner may also contract with other outside organizations to assist with the duties to be performed under ~~section~~ sections 299A.785, 299A.79, and 299A.795.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 9. **[299A.79] TRAFFICKING STUDY; ANALYSIS AND USE OF DATA.**

Subdivision 1. **Data analysis.** The commissioner shall analyze the data collected in section 299A.785 to develop a plan to address current trafficking and prevent future trafficking in this state. The commissioner may evaluate various approaches used by other state and local governments to address trafficking. The plan must include, but not be limited to:

(1) ways to train agencies, organizations, and officials involved in law enforcement, prosecution, and social services;

(2) ways to increase public awareness of trafficking; and

(3) procedures to enable the state government to work with nongovernmental organizations to prevent trafficking.

Subd. 2. **Training plan.** The training plan required in subdivision 1 must include:

(1) methods used in identifying trafficking victims, including preliminary interview techniques and appropriate interrogation methods;

(2) methods for prosecuting traffickers;

(3) methods for protecting the rights of trafficking victims, taking into account the need to consider human rights and special needs of women and children trafficking victims; and

(4) methods for promoting the safety of trafficking victims.

Subd. 3. **Public awareness initiative.** The public awareness initiative required in subdivision 1 must address, at a minimum, the following subjects:

(1) the risks of becoming a trafficking victim;

(2) common recruitment techniques; use of debt bondage, blackmail, forced labor and services, prostitution, and other coercive tactics; and risks of assault, criminal sexual conduct, exposure to sexually transmitted diseases, and psychological harm;

(3) crime victims' rights; and

(4) reporting recruitment activities involved in trafficking.

Subd. 4. **Report to legislature.** The commissioner shall report the plan to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding by December 15, 2006.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 10. **[299A.795] TRAFFICKING VICTIM ASSISTANCE.**

The commissioner may review the existing services and facilities to meet trafficking victims' needs and recommend a plan that would coordinate the services including, but not limited to:

- (1) medical and mental health services;
- (2) housing;
- (3) education and job training;
- (4) English as a second language;
- (5) interpreting services;
- (6) legal and immigration services; and
- (7) victim compensation.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 11. **[299A.7955] HUMAN TRAFFICKING TASK FORCE.**

Subdivision 1. **Creation and duties.** By September 1, 2006, the commissioner shall appoint a 22-member task force on human trafficking to advise the commissioner on the commissioner's duties in sections 299A.78 to 299A.795. The task force shall also serve as a liaison between the commissioner and agencies and nongovernmental organizations that provide services to trafficking victims. The members must receive expense reimbursement as specified in section 15.059.

Subd. 2. **Membership.** To the extent possible, the human trafficking task force consists of the following individuals, or their designees, who are knowledgeable in trafficking, crime victims' rights, or violence protection:

- (1) a representative of the Minnesota Chiefs of Police Association;
- (2) a representative of the Bureau of Criminal Apprehension;
- (3) a representative of the Minnesota Sheriffs' Association;
- (4) a peace officer who works and resides in the metropolitan area, composed of Hennepin, Ramsey, Anoka, Dakota, Scott, Washington, and Carver Counties;
- (5) a peace officer who works and resides in the nonmetropolitan area;
- (6) a county attorney who works in Hennepin County;
- (7) a county attorney who works in Ramsey County;
- (8) a representative of the attorney general's office;
- (9) a representative of the Department of Public Safety's office of justice program;
- (10) a representative of the federal Homeland Security Department;
- (11) a representative of the Department of Health;
- (12) the chair or executive director of the Council on Asian-Pacific Minnesotans;
- (13) the chair or executive director of the Minnesota Chicano-Latino Affairs Council;
- (14) a representative of the United States Attorney's Office; and
- (15) eight representatives from nongovernmental organizations, which may include representatives
of:
 - (i) the Minnesota Coalition for Battered Women;
 - (ii) the Minnesota Coalition Against Sexual Assault;

(iii) a statewide or local organization that provides civil legal services to women and children;

(iv) a statewide or local organization that provides mental health services to women and children;

(v) a statewide or local human rights and social justice advocacy organization;

(vi) a statewide or local organization that provides services to victims of torture, trauma, or human trafficking;

(vii) a statewide or local organization that serves the needs of immigrants and refugee women and children from diverse ethnic communities; and

(viii) a statewide or local organization that provides legal services to low-income immigrants.

Subd. 3. **Officers; meetings.** (a) The task force shall annually elect a chair and vice-chair from among its members, and may elect other officers as necessary. The task force shall meet at least quarterly, or upon the call of its chair. The task force shall meet sufficiently enough to accomplish the tasks identified in this section.

(b) The task force shall seek out and enlist the cooperation and assistance of nongovernmental organizations and academic researchers, especially those specializing in trafficking, representing diverse communities disproportionately affected by trafficking, or focusing on child services and runaway services.

Subd. 4. **Expiration.** Notwithstanding section 15.059, the task force expires June 30, 2011, or once it has implemented and evaluated the programs and policies in sections 299A.78 to 299A.795 to the satisfaction of the commissioner, whichever occurs first.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 12. [299A.7957] TOLL-FREE HOTLINE FOR TRAFFICKING VICTIMS.

(a) As used in this section, "trafficking victim" has the meaning given in section 299A.78, subdivision 1.

(b) The commissioner of public safety shall contract with a nonprofit organization that provides legal services to domestic and international trafficking victims to maintain a toll-free telephone hotline for trafficking victims.

The hotline must be in place by January 1, 2007, and must be operated 24 hours a day, 365 days a year. The hotline must offer language interpreters for languages commonly spoken in Minnesota, including, but not limited to, Spanish, Vietnamese, Hmong, and Somali. At a minimum, the hotline must screen trafficking victims, both domestic and international, and provide appropriate referrals to attorneys and victims' services organizations.

EFFECTIVE DATE. This section is effective July 1, 2006.

**ARTICLE 14
STATE GOVERNMENT**

Section 1. STATE GOVERNMENT APPROPRIATIONS.

The sums shown in the columns marked "APPROPRIATIONS" are added to the appropriations in Laws 2005, chapter 156, article 1, or other law to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal year indicated for each purpose. The figure "2007" used in this article means that the addition to the appropriation listed under it is available for the fiscal year ending June 30, 2007.

SUMMARY BY FUND

| | | <u>2007</u> |
|------------------------------|----|------------------|
| <u>General</u> | \$ | <u>2,422,000</u> |
| <u>Workers' Compensation</u> | \$ | <u>320,000</u> |
| <u>TOTAL</u> | \$ | <u>2,742,000</u> |

APPROPRIATION

Available for the Year
Ending June 30, 2007

Sec. 2. LEGISLATURE

Subdivision 1. Total Appropriation \$ 37,000

The appropriations in this section are to the Legislative Coordinating Commission for the purposes in subdivisions 2 and 3.

Subd. 2. Legislative forums 30,000

For the cost of annual forums to improve legislative effectiveness. This is a onetime appropriation.

Subd. 3. International Legislators' Forum 7,000

For the International Legislators' Forum, to allow Minnesota legislators to meet with counterparts from South Dakota, North Dakota, and Manitoba, Canada, to discuss issues of mutual concern. This is a onetime appropriation.* (The preceding section was indicated as vetoed by the governor.)

Sec. 3. FINANCE 325,000

Northwest Airlines bankruptcy counsel

For the state's share of the cost of bankruptcy counsel representing joint interests of the state and the city of Duluth in the Northwest Airlines bankruptcy. This is a onetime appropriation.

Sec. 4. **OFFICE OF ENTERPRISE TECHNOLOGY** 1,900,000

For comprehensive planning, implementation, and administration of enterprise information technology security according to Minnesota Statutes, sections 16E.01 and 16E.03. \$1,900,000 is added to the appropriation base for fiscal years 2008 and thereafter to provide for continuing administration of enterprise security.

Sec. 5. **OFFICE OF ADMINISTRATIVE HEARINGS** 320,000

From the workers' compensation fund for costs associated with the relocation of offices to St. Paul. The commissioner of administration shall take all steps as necessary to complete the renovation of the Stassen Building for these purposes by January 1, 2008. Minnesota Statutes, section 16B.33, subdivision 3, does not apply if the estimated cost of construction exceeds \$2,000,000. This is a onetime appropriation.

Beginning in fiscal year 2009 and for all fiscal years thereafter, the appropriation base for the workers' compensation fund for the Office of Administrative Hearings is reduced by \$297,000 to reflect savings in rent costs due to the relocation of offices to St. Paul.

Sec. 6. **EMPLOYEE RELATIONS**

Center for Health Care Purchasing Improvement 100,000

To establish and operate the Center for Health Care Purchasing Improvement.

Sec. 7. **AMATEUR SPORTS COMMISSION** 60,000

This is a onetime appropriation.

Sec. 8. **[4.51] EXPENSES OF GOVERNOR-ELECT.**

This section applies after a state general election in which a person who is not the current governor is elected to take office as the next governor. The commissioner of administration must request a transfer from the general fund contingent account of an amount equal to 1.5 percent of the amount appropriated for operation of the Office of the Governor and Lieutenant Governor for the current fiscal year. This request is subject to the review and advice of the Legislative Advisory Commission pursuant to section 3.30. If the transfer is approved, the commissioner of administration must make this amount available to the governor-elect before he or she takes office. The commissioner must provide office space for the governor-elect and for any employees the governor-elect hires.

Sec. 9. [16E.21] INFORMATION AND TELECOMMUNICATIONS ACCOUNT.

Subdivision 1. **Account established; appropriation.** The information and telecommunications technology systems and services account is created in the special revenue fund. Receipts credited to the account are appropriated to the Office of Enterprise Technology for the purpose of defraying the costs of personnel and technology for activities that create government efficiencies in accordance with this chapter.

Subd. 2. **Charges.** Upon agreement of the participating agency, the Office of Enterprise Technology may collect a charge for purchases of information and telecommunications technology systems and services by state agencies and other governmental entities through state contracts for purposes described in subdivision 1. Charges collected under this section must be credited to the information and telecommunications technology systems and services account.

Sec. 10. [43A.312] CENTER FOR HEALTH CARE PURCHASING IMPROVEMENT.

Subdivision 1. **Establishment; administration.** The commissioner shall establish and administer the Center for Health Care Purchasing Improvement as an administrative unit within the Department of Employee Relations. The Center for Health Care Purchasing Improvement shall support the state in its efforts to be a more prudent and efficient purchaser of quality health care services. The center shall aid the state in developing and using more common strategies and approaches for health care performance measurement and health care purchasing. The common strategies and approaches shall promote greater transparency of health care costs and quality, and greater accountability for health care results and improvement. The center shall also identify barriers to more efficient, effective, quality health care and options for overcoming the barriers.

Subd. 2. **Staffing; duties; scope.** (a) The commissioner may appoint a director, and up to three additional senior-level staff or codirectors, and other staff as needed who are under the direction of the commissioner. The staff of the center are in the unclassified service.

(b) With the authorization of the commissioner of employee relations, and in consultation or interagency agreement with the appropriate commissioners of state agencies, the director, or codirectors, may:

- (1) initiate projects to develop plan designs for state health care purchasing;
- (2) require reports or surveys to evaluate the performance of current health care purchasing strategies;
- (3) calculate fiscal impacts, including net savings and return on investment, of health care purchasing strategies and initiatives;
- (4) conduct policy audits of state programs to measure conformity to state statute or other purchasing initiatives or objectives;
- (5) support the Administrative Uniformity Committee under section 62J.50 and other relevant groups or activities to advance agreement on health care administrative process streamlining;
- (6) consult with the Health Economics Unit of the Department of Health regarding reports and assessments of the health care marketplace;
- (7) consult with the departments of Health and Commerce regarding health care regulatory issues and legislative initiatives;
- (8) work with appropriate Department of Human Services staff and the Centers for Medicare and Medicaid Services to address federal requirements and conformity issues for health care purchasing;
- (9) assist the Minnesota Comprehensive Health Association in health care purchasing strategies;

(10) convene medical directors of agencies engaged in health care purchasing for advice, collaboration, and exploring possible synergies;

(11) contact and participate with other relevant health care task forces, study activities, and similar efforts with regard to health care performance measurement and performance-based purchasing; and

(12) assist in seeking external funding through appropriate grants or other funding opportunities and may administer grants and externally funded projects.

Subd. 3. **Report.** The commissioner must report annually to the legislature and the governor on the operations, activities, and impacts of the center. The report must be posted on the Department of Employee Relations Web site and must be available to the public. The report must include a description of the state's efforts to develop and use more common strategies for health care performance measurement and health care purchasing. The report must also include an assessment of the impacts of these efforts, especially in promoting greater transparency of health care costs and quality, and greater accountability for health care results and improvement.

Sec. 11. Laws 1998, chapter 404, section 15, subdivision 2, as amended by Laws 2005, chapter 20, article 1, section 40, as amended by Laws 2005, chapter 156, article 2, section 43, is amended to read:

Subd. 2. **National Sports Center**

4,800,000

\$1,700,000 is to purchase and develop land adjacent to the National Sports Center in Blaine for use as athletic fields.

\$3,100,000 is to develop the National Children's Golf Course. The primary purpose of the National Children's Golf Course is to serve youth of 18 years and younger. Market rates must be charged for adult golf.

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 5, the Minnesota Amateur Sports Commission may lease up to 20 percent of the area of the land purchased with money from the general fund appropriations in this subdivision for a term of up to 30 years, plus two renewals for a term of up to 30 years each, to one or more governmental or private entities for any use by the lessee, whether public or private, so long as the use provides some benefit to amateur sports. The commission must submit proposed leases for the land described in this subdivision to the chairs of the legislative committees with jurisdiction over state government policy and finance for review at least 30 days before the leases may be entered into by the commission. Up to \$300,000 of lease payments received by the commission each fiscal year is appropriated to the commission for the purposes specified in Minnesota Statutes, chapter 240A. The land purchased from the general fund appropriations may be used for any amateur sport.

Sec. 12. **LABOR AGREEMENTS AND COMPENSATION PLANS.**

Subdivision 1. **American Federation of State, County and Municipal Employees.** The labor agreement between the state of Minnesota and the American Federation of State, County and Municipal Employees, Council 5, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on September 14, 2005, is ratified.

Subd. 2. **Minnesota Association of Professional Employees.** The labor agreement between the state of Minnesota and the Minnesota Association of Professional Employees, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on September 14, 2005, is ratified.

Subd. 3. **Middle Management Association.** The labor agreement between the state of Minnesota and the Middle Management Association, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

Subd. 4. **Minnesota state college faculty.** The labor agreement between the state of Minnesota and the Minnesota state college faculty, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

Subd. 5. **American Federation of State, County and Municipal Employees.** The labor agreement between the state of Minnesota and the American Federation of State, County and Municipal Employees, Council 5, Unit 8, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

Subd. 6. **Managerial plan.** The managerial plan, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

Subd. 7. **Commissioner's plan.** The commissioner of employee relations' plan for unrepresented employees, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

Subd. 8. **Minnesota Government Engineers Council.** The labor agreement between the state of Minnesota and the Minnesota Government Engineers Council, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

Subd. 9. **State Residential Schools Education Association.** The labor agreement between the state of Minnesota and the State Residential Schools Education Association, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

Subd. 10. **Interfaculty Organization.** The labor agreement between the state of Minnesota and the Interfaculty Organization, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

Subd. 11. **Minnesota State University Association of Administrative and Service Faculty.** The labor agreement between the state of Minnesota and the Minnesota State University Association of Administrative and Service Faculty, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

Subd. 12. **Office of Higher Education.** The compensation plan for unrepresented employees of the Office of Higher Education, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

Subd. 13. **MnSCU Administrators.** The personnel plan for Minnesota State Colleges and Universities administrators, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

Subd. 14. **State Board of Investment.** The salary administration plan for the Minnesota State Board of Investment, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on March 1, 2006, is ratified.

Subd. 15. **Managerial plan amendment.** The amendment to the managerial plan, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on March 1, 2006, is ratified.

Subd. 16. **Commissioner's plan amendment.** The amendment to the commissioner's plan, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on March 1, 2006, is ratified.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. **TRANSFER.**

On June 30, 2006, the commissioner of finance shall transfer the balances in the tobacco use prevention and local public health endowment fund and the medical education endowment fund to the general fund. These balances result from investment income credited to the funds after the transfer of balances on July 1, 2003. The amount transferred under this section is estimated to be \$2,933,000.

Sec. 14. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall correct internal cross-references to sections that are affected by section 15. The revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.

Sec. 15. **REPEALER.**

Minnesota Statutes 2004, sections 62J.694; and 144.395, are repealed.

ARTICLE 15
VETERANS AFFAIRS

Section 1. **VETERANS AFFAIRS APPROPRIATIONS.**

The sums shown are appropriated from the general fund, or another named fund, to be available for the fiscal years indicated for each purpose. The figures "2006" and "2007" used in this article mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. Appropriations in this article for the fiscal year ending June 30, 2006, are effective the day following final enactment.

| <u>APPROPRIATIONS</u> | |
|-------------------------------|-------------|
| <u>Available for the Year</u> | |
| <u>Ending June 30</u> | |
| <u>2006</u> | <u>2007</u> |

Sec. 2. **VETERANS AFFAIRS**

| | | | | |
|--|-----------|----------------|-----------|------------------|
| <u>Subdivision 1. Total Appropriation</u> | <u>\$</u> | <u>250,000</u> | <u>\$</u> | <u>3,230,000</u> |
|--|-----------|----------------|-----------|------------------|

The appropriations in this section are for the purposes in subdivisions 2 to 7.

Subd. 2. State soldiers' assistance fund -0- 2,000,000

To be deposited in the state soldiers' assistance fund established in Minnesota Statutes, section 197.03. The appropriations in this subdivision are in addition to other appropriations made to the commissioner of veterans affairs.

Subd. 3. Web site development -0- 100,000

To create a centralized Web site to contain information on all state, federal, local, and private agencies and organizations that provide goods or services to veterans or their families.

Subd. 4. Grants to counties -0- 200,000

For grants to counties under the terms of this subdivision. The commissioner shall issue a request for proposals for grants to enhance the benefits, programs, and services provided to veterans. The request must specify that priority will be given to proposals that meet the programmatic goals established by the commissioner, including proposals that:

- (1) will provide the most effective outreach to veterans;
- (2) reintegrate combat veterans into society;
- (3) collaborate with other social service agencies, educational institutions, and other relevant community resources;
- (4) reduce homelessness among veterans; and
- (5) provide measurable outcomes.

The commissioner may provide incentives to encourage regional collaboration for service delivery.

The grants may be for a term of up to two years. The commissioner shall ensure that grants are made throughout all regions of the state and shall develop a description of best practices for the use of these grants. A county may not reduce its veterans service office budget by any amount received as a grant under this subdivision. Grants made under this subdivision are in addition to and not subject to the requirements for grants made under Minnesota Statutes, section

197.608. The Vinland Center and the Minnesota Assistance Council for Veterans may apply for grants under this subdivision in fiscal year 2007. This appropriation must be included in the appropriation base through fiscal year 2009.

| | | |
|---|------------|----------------|
| <u>Subd. 5. Higher education veterans assistance offices</u> | <u>-0-</u> | <u>600,000</u> |
|---|------------|----------------|

For the higher education veterans assistance program in section 3. This appropriation must be included in the appropriation base through fiscal year 2011.

| | | |
|--|----------------|----------------|
| <u>Subd. 6. Outreach and assistance</u> | <u>250,000</u> | <u>250,000</u> |
|--|----------------|----------------|

For an outreach and assistance initiative for underserved veterans.

| | | |
|---|------------|---------------|
| <u>Subd. 7. Veterans organizations</u> | <u>-0-</u> | <u>80,000</u> |
|---|------------|---------------|

For veterans' services provided by Veterans of Foreign Wars, the Military Order of the Purple Heart, Disabled American Veterans, and the Vietnam Veterans of America. This is a onetime appropriation.

Sec. 3. **[197.585] HIGHER EDUCATION VETERANS ASSISTANCE PROGRAM.**

Subdivision 1. **Assistance provided.** The commissioner of veterans affairs shall provide central liaison staff and campus veterans assistance officers to serve the needs of students who are veterans at higher education institutions in Minnesota. Methods of assistance may include, but are not limited to, work-study positions for veterans, and providing information and assistance regarding the availability of state, federal, local, and private resources.

Subd. 2. **Steering committee.** The commissioner of veterans affairs shall chair a higher education veterans assistance program steering committee composed of:

- (1) the adjutant general or the adjutant general's designee;
- (2) a representative of Minnesota State Colleges and Universities, designated by the chancellor;
- (3) a representative of the University of Minnesota, appointed by the president of the university;
- (4) a representative of private colleges and universities in Minnesota, appointed by the governor;
- (5) a representative of the Office of Higher Education, appointed by the executive director;
- (6) a representative of county veterans service offices, appointed by the commissioner of veterans affairs; and
- (7) a representative of the Department of Employment and Economic Development, appointed by the commissioner of that department.

The steering committee shall advise the commissioner of veterans affairs regarding the allocation of appropriations for the purposes of this section and shall develop a long-range plan to serve the needs of students at higher education institutions in Minnesota who are veterans.

Subd. 3. **Office space provided.** Each campus of the University of Minnesota and each institution within the Minnesota State Colleges and Universities system shall provide adequate space for a veterans assistance office to be administered by the commissioner of veterans affairs, and each private college and university in Minnesota is encouraged to provide adequate space for a veterans assistance office to be administered by the commissioner of veterans affairs. The veterans assistance office must provide information and assistance to veterans who are students or family members of students at the school regarding the availability of state, federal, local, and private resources.

Subd. 4. **Report.** Beginning January 15, 2007, and each year thereafter, the steering committee established in subdivision 2 shall report to the chairs of the legislative committees with jurisdiction over veterans affairs policy and finance and higher education policy and finance regarding the implementation and effectiveness of the program established in this section.

Subd. 5. **Expiration.** This section expires at the end of the first fiscal year in which the number of veterans enrolled in Minnesota public institutions of higher education is fewer than 4,000, but no later than June 30, 2011.

ARTICLE 16

HEALTH AND HUMAN SERVICES MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 2004, section 43A.17, subdivision 4, is amended to read:

Subd. 4. **Exceptions.** (a) The commissioner may without regard to subdivision 1 establish special salary rates and plans of compensation designed to attract and retain exceptionally qualified doctors of medicine and doctors of dental surgery. These rates and plans shall be included in the commissioner's plan. In establishing salary rates and eligibility for nomination for payment at special rates, the commissioner shall consider the standards of eligibility established by national medical specialty boards where appropriate. The incumbents assigned to these special ranges shall be excluded from the collective bargaining process.

(b) The commissioner may without regard to subdivision 1, but subject to collective bargaining agreements or compensation plans, establish special salary rates designed to attract and retain exceptionally qualified employees in the following positions:

- (1) information systems staff;
- (2) actuaries in the Departments of Health, Human Services, and Commerce; and
- (3) epidemiologists in the Department of Health.

Sec. 2. Minnesota Statutes 2005 Supplement, section 144.1476, subdivision 4, is amended to read:

Subd. 4. **Allocation of grants.** (a) The commissioner shall establish a deadline for receiving applications and must make a final decision on the funding of each application within 60 days of the deadline. An applicant must apply no later than March 1 of each fiscal year for grants awarded for that fiscal year.

(b) Any grant awarded must not exceed \$50,000 a year ~~and may not exceed a one-year term.~~ Notwithstanding any law to the contrary, funds awarded to grantees in a grant agreement do not lapse until expended by the grantee.

(c) Applicants may apply to the program each year they are eligible.

(d) Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated.

Sec. 3. **[144.3345] INTERCONNECTED ELECTRONIC HEALTH RECORD GRANTS.**

Subdivision 1. **Definitions.** The following definitions are used for the purposes of this section.

(a) "Eligible community e-health collaborative" means an existing or newly established collaborative to support the adoption and use of interoperable electronic health records. A collaborative must consist of at least three or more eligible health care entities in at least two of the categories listed in paragraph (b) and have a focus on interconnecting the members of the collaborative for secure and interoperable exchange of health care information.

(b) "Eligible health care entity" means one of the following:

(1) community clinics, as defined under section 145.9268;

(2) hospitals eligible for rural hospital capital improvement grants, as defined in section 144.148;

(3) physician clinics located in a community with a population of less than 50,000 according to United States Census Bureau statistics and outside the seven-county metropolitan area;

(4) nursing facilities licensed under sections 144A.01 to 144A.27;

(5) community health boards as established under chapter 145A;

(6) nonprofit entities with a purpose to provide health information exchange coordination governed by a representative, multi-stakeholder board of directors; and

(7) other providers of health or health care services approved by the commissioner for which interoperable electronic health record capability would improve quality of care, patient safety, or community health.

Subd. 2. **Grants authorized.** The commissioner of health shall award grants to eligible community e-health collaborative projects to improve the implementation and use of interoperable electronic health records including but not limited to the following projects:

(1) collaborative efforts to host and support fully functional interoperable electronic health records in multiple care settings;

(2) electronic medication history and electronic patient registration information;

(3) electronic personal health records for persons with chronic diseases and for prevention services;

(4) rural and underserved community models for electronic prescribing; and

(5) enabling local public health systems to rapidly and electronically exchange information needed to participate in community e-health collaboratives or for public health emergency preparedness and response.

Grant funds may not be used for construction of health care or other buildings or facilities.

Subd. 3. **Allocation of grants.** (a) To receive a grant under this section, an eligible community e-health collaborative must submit an application to the commissioner of health by the deadline established by the commissioner. A grant may be awarded upon the signing of a grant contract. In awarding grants, the commissioner shall give preference to projects benefiting providers located in rural and underserved areas of Minnesota which the commissioner has determined have an unmet need for the development and funding of electronic health records. Applicants may apply for and the commissioner may award grants for one-year, two-year, or three-year periods.

(b) An application must be on a form and contain information as specified by the commissioner but at a minimum must contain:

(1) a description of the purpose or project for which grant funds will be used;

(2) a description of the problem or problems the grant funds will be used to address, including an assessment likelihood of the project occurring absent grant funding;

(3) a description of achievable objectives, a workplan, budget, budget narrative, a project communications plan, a timeline for implementation and completion of processes or projects enabled by the grant, and an assessment of privacy and security issues and a proposed approach to address these issues;

(4) a description of the health care entities and other groups participating in the project, including identification of the lead entity responsible for applying for and receiving grant funds;

(5) a plan for how patients and consumers will be involved in development of policies and procedures related to the access to and interchange of information;

(6) evidence of consensus and commitment among the health care entities and others who developed the proposal and are responsible for its implementation; and

(7) a plan for documenting and evaluating results of the grant.

(c) The commissioner shall review each application to determine whether the application is complete and whether the applicant and the project are eligible for a grant. In evaluating applications, the commissioner shall take into consideration factors, including but not limited to, the following:

(1) the degree to which the proposal interconnects the various providers of care in the applicant's geographic community;

(2) the degree to which the project provides for the interoperability of electronic health records or related health information technology between the members of the collaborative, and presence and scope of a description of how the project intends to interconnect with other providers not part of the project into the future;

(3) the degree to which the project addresses current unmet needs pertaining to interoperable electronic health records in a geographic area of Minnesota and the likelihood that the needs would not be met absent grant funds;

(4) the applicant's thoroughness and clarity in describing the project, how the project will improve patient safety, quality of care, and consumer empowerment, and the role of the various collaborative members;

(5) the recommendations of the Health Information and Technology Infrastructure Advisory Committee; and

(6) other factors that the commissioner deems relevant.

(d) Grant funds shall be awarded on a three-to-one match basis. Applicants shall be required to provide one dollar in the form of cash or in-kind staff or services for each three dollars provided under the grant program.

(e) Grants shall not exceed \$900,000 per grant. The commissioner has discretion over the size and number of grants awarded.

Subd. 4. **Evaluation and report.** The commissioner of health shall evaluate the overall effectiveness of the grant program. The commissioner shall collect progress and expenditure reports to evaluate the grant program from the eligible community collaboratives receiving grants.

Sec. 4. **[245.4835] COUNTY MAINTENANCE OF EFFORT.**

Subdivision 1. **Required expenditures.** Counties must maintain a level of expenditures for mental health services under sections 245.461 to 245.484 and 245.487 to 245.4887 so that each year's county

expenditures are at least equal to that county's average expenditures for those services for calendar years 2004 and 2005. The commissioner will adjust each county's base level for minimum expenditures in each year by the amount of any increase or decrease in that county's state grants or other noncounty revenues for mental health services under sections 245.461 to 245.484 and 245.487 to 245.4887.

Subd. 2. **Failure to maintain expenditures.** If a county does not comply with subdivision 1, the commissioner shall require the county to develop a corrective action plan according to a format and timeline established by the commissioner. If the commissioner determines that a county has not developed an acceptable corrective action plan within the required timeline, or that the county is not in compliance with an approved corrective action plan, the protections provided to that county under section 245.485 do not apply.

Sec. 5. Minnesota Statutes 2004, section 256.01, is amended by adding a subdivision to read:

Subd. 2b. **Performance payments.** The commissioner shall develop and implement a pay-for-performance system to provide performance payments to medical groups that demonstrate optimum care in serving individuals with chronic diseases who are enrolled in health care programs administered by the commissioner under chapters 256B, 256D, and 256L.

Sec. 6. Minnesota Statutes 2004, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact with the adult or the adult's legal representative; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

(f) Payment for mental health case management provided by vendors who contract with a county or Indian tribe shall be based on a monthly rate negotiated by the host county or tribe. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribe may negotiate a team rate with a vendor who is a member

of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

(g) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(h) The commissioner shall calculate the nonfederal share of actual medical assistance and general assistance medical care payments for each county, based on the higher of calendar year 1995 or 1996, by service date, project that amount forward to 1999, and transfer one-half of the result from medical assistance and general assistance medical care to each county's mental health grants under section 256E.12 for calendar year 1999. The annualized minimum amount added to each county's mental health grant shall be \$3,000 per year for children and \$5,000 per year for adults. The commissioner may reduce the statewide growth factor in order to fund these minimums. The annualized total amount transferred shall become part of the base for future mental health grants for each county.

~~(i) Any net increase in revenue to the county or tribe as a result of the change in this section must be used to provide expanded mental health services as defined in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, excluding inpatient and residential treatment. For adults, increased revenue may also be used for services and consumer supports which are part of adult mental health projects approved under Laws 1997, chapter 203, article 7, section 25. For children, increased revenue may also be used for respite care and nonresidential individualized rehabilitation services as defined in section 245.492, subdivisions 17 and 23. "Increased revenue" has the meaning given in Minnesota Rules, part 9520.0903, subpart 3.~~

~~(j)~~ (i) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe.

~~(k)~~ (j) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

~~(l)~~ (k) The commissioner shall set aside a portion of the federal funds earned under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

- (1) the costs of developing and implementing this section; and
- (2) programming the information systems.

~~(m)~~ (l) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. Payments to county-contracted vendors shall include both the federal earnings and the county share.

~~(n)~~ (m) Notwithstanding section 256B.041, county payments for the cost of mental health case management services provided by county or state staff shall not be made to the commissioner of finance. For the purposes of mental health case management services provided by county or state staff under this

section, the centralized disbursement of payments to counties under section 256B.041 consists only of federal earnings from services provided under this section.

~~(n)~~ (n) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

~~(o)~~ (o) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year.

~~(p)~~ (p) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

~~(q)~~ (q) By July 1, 2000, the commissioner shall evaluate the effectiveness of the changes required by this section, including changes in number of persons receiving mental health case management, changes in hours of service per person, and changes in caseload size.

~~(r)~~ (r) For each calendar year beginning with the calendar year 2001, the annualized amount of state funds for each county determined under paragraph (h) shall be adjusted by the county's percentage change in the average number of clients per month who received case management under this section during the fiscal year that ended six months prior to the calendar year in question, in comparison to the prior fiscal year.

~~(s)~~ (s) For counties receiving the minimum allocation of \$3,000 or \$5,000 described in paragraph (h), the adjustment in paragraph (s) shall be determined so that the county receives the higher of the following amounts:

- (1) a continuation of the minimum allocation in paragraph (h); or
- (2) an amount based on that county's average number of clients per month who received case management under this section during the fiscal year that ended six months prior to the calendar year in question, times the average statewide grant per person per month for counties not receiving the minimum allocation.

~~(t)~~ (t) The adjustments in paragraphs (s) and (t) shall be calculated separately for children and adults.

Sec. 7. Minnesota Statutes 2004, section 256B.0945, subdivision 1, is amended to read:

Subdivision 1. **Provider qualifications.** Counties must arrange to provide residential services for children with severe emotional disturbance according to sections 245.4882, 245.4885, and this section. Services must be provided by a facility that is licensed according to section 245.4882 and administrative rules promulgated thereunder, and under contract with the county. ~~Facilities providing services under subdivision 2, paragraph (a), must be accredited as a psychiatric facility by the Joint Commission on Accreditation of Healthcare Organizations, the Commission on Accreditation of Rehabilitation Facilities, or the Council on Accreditation. Accreditation is not required for facilities providing services under subdivision 2, paragraph (b).~~

Sec. 8. Minnesota Statutes 2005 Supplement, section 256B.0946, subdivision 1, is amended to read:

Subdivision 1. **Covered service.** (a) Effective July 1, 2006, and subject to federal approval, medical assistance covers medically necessary services described under paragraph (b) that are provided by a provider entity eligible under subdivision 3 to a client eligible under subdivision 2 who is placed in a treatment foster home licensed under Minnesota Rules, parts 2960.3000 to 2960.3340.

(b) Services to children with severe emotional disturbance residing in treatment foster care settings must meet the relevant standards for mental health services under sections 245.487 to 245.4887. In addition, specific service components reimbursed by medical assistance must meet the following standards:

(1) case management service component must meet the standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10;

(2) psychotherapy, crisis assistance, and skills training components must meet the standards for children's therapeutic services and supports in section 256B.0943; and

(3) family psychoeducation services under supervision of a mental health professional.

Sec. 9. Minnesota Statutes 2004, section 256B.76, is amended to read:

256B.76 PHYSICIAN AND DENTAL REIMBURSEMENT.

(a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Centers for Medicare and Medicaid Services' common procedural coding system codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," cesarean delivery and pharmacologic management provided to psychiatric patients, and level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992;

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992;

(4) effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services; and

(5) the increases in clause (4) shall be implemented January 1, 2000, for managed care.

(b) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992;

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases;

(3) effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999;

(4) the commissioner shall award grants to community clinics or other nonprofit community organizations, political subdivisions, professional associations, or other organizations that demonstrate the ability to provide dental services effectively to public program recipients. Grants may be used to fund the costs related to coordinating access for recipients, developing and implementing patient care criteria, upgrading or establishing new facilities, acquiring furnishings or equipment, recruiting new providers, or other development costs that will improve access to dental care in a region. In awarding grants, the

commissioner shall give priority to applicants that plan to serve areas of the state in which the number of dental providers is not currently sufficient to meet the needs of recipients of public programs or uninsured individuals. The commissioner shall consider the following in awarding the grants:

- (i) potential to successfully increase access to an underserved population;
- (ii) the ability to raise matching funds;
- (iii) the long-term viability of the project to improve access beyond the period of initial funding;
- (iv) the efficiency in the use of the funding; and
- (v) the experience of the proposers in providing services to the target population.

The commissioner shall monitor the grants and may terminate a grant if the grantee does not increase dental access for public program recipients. The commissioner shall consider grants for the following:

(i) implementation of new programs or continued expansion of current access programs that have demonstrated success in providing dental services in underserved areas;

(ii) a pilot program for utilizing hygienists outside of a traditional dental office to provide dental hygiene services; and

(iii) a program that organizes a network of volunteer dentists, establishes a system to refer eligible individuals to volunteer dentists, and through that network provides donated dental care services to public program recipients or uninsured individuals;

(5) beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (i) submitted charge, or (ii) 80 percent of median 1997 charges;

(6) the increases listed in clauses (3) and (5) shall be implemented January 1, 2000, for managed care; and

(7) effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (i) the submitted charge, or (ii) 85 percent of median 1999 charges.

(c) Effective for dental services rendered on or after January 1, 2002, the commissioner may, within the limits of available appropriation, increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. Reimbursement to a critical access dental provider may be increased by not more than 50 percent above the reimbursement rate that would otherwise be paid to the provider. Payments to health plan companies shall be adjusted to reflect increased reimbursements to critical access dental providers as approved by the commissioner. In determining which dentists and dental clinics shall be deemed critical access dental providers, the commissioner shall review:

(1) the utilization rate in the service area in which the dentist or dental clinic operates for dental services to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage;

(2) the level of services provided by the dentist or dental clinic to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage; and

(3) whether the level of services provided by the dentist or dental clinic is critical to maintaining adequate levels of patient access within the service area.

In the absence of a critical access dental provider in a service area, the commissioner may designate a dentist or dental clinic as a critical access dental provider if the dentist or dental clinic is willing to provide care to patients covered by medical assistance, general assistance medical care, or MinnesotaCare at a level which significantly increases access to dental care in the service area.

The commissioner shall annually establish a reimbursement schedule for critical access dental providers and provider-specific limits on total reimbursement received under the reimbursement schedule, and shall notify each critical access dental provider of the schedule and limit.

(d) An entity that operates both a Medicare certified comprehensive outpatient rehabilitation facility and a facility which was certified prior to January 1, 1993, that is licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, and for whom at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year are medical assistance recipients, shall be reimbursed by the commissioner for rehabilitation services at rates that are 38 percent greater than the maximum reimbursement rate allowed under paragraph (a), clause (2), when those services are (1) provided within the comprehensive outpatient rehabilitation facility and (2) provided to residents of nursing facilities owned by the entity.

(e) Effective for services rendered on or after January 1, 2007, the commissioner shall make payments for physician and professional services based on the Medicare relative value units (RVUs). This change shall be budget neutral and the cost of implementing RVUs will be incorporated in the established conversion factor.

Sec. 10. **[256B.763] CRITICAL ACCESS MENTAL HEALTH RATE INCREASE.**

(a) For services defined in paragraph (b) and rendered on or after July 1, 2007, payment rates shall be increased by 23.7 percent over the rates in effect on January 1, 2006, for:

(1) psychiatrists and advanced practice registered nurses with a psychiatric specialty;

(2) community mental health centers under section 256B.0625, subdivision 5; and

(3) mental health clinics and centers certified under Minnesota Rules, parts 9520.0750 to 9520.0870, or hospital outpatient psychiatric departments that are designated as essential community providers under section 62Q.19.

(b) This increase applies to group skills training when provided as a component of children's therapeutic services and support, psychotherapy, medication management, evaluation and management, diagnostic assessment, explanation of findings, psychological testing, neuropsychological services, direction of behavioral aides, and inpatient consultation.

(c) This increase does not apply to rates that are governed by section 256B.0625, subdivision 30, or 256B.761, paragraph (b), other cost-based rates, rates that are negotiated with the county, rates that are established by the federal government, or rates that increased between January 1, 2004, and January 1, 2005.

(d) The commissioner shall adjust rates paid to prepaid health plans under contract with the commissioner to reflect the rate increases provided in paragraph (a). The prepaid health plan must pass this rate increase to the providers identified in paragraph (a).

Sec. 11. Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 3, is amended to read:

Subd. 3. **General assistance medical care; eligibility.** (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spenddown of excess income according to section 256B.056, subdivision 5, or MinnesotaCare as defined in paragraph (b), except as provided in paragraph (c), and:

(1) who is receiving assistance under section 256D.05, except for families with children who are eligible under Minnesota family investment program (MFIP), or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

(2) who is a resident of Minnesota; and

(i) who has gross countable income not in excess of 75 percent of the federal poverty guidelines for the family size, using a six-month budget period and whose equity in assets is not in excess of \$1,000 per assistance unit. General assistance medical care is not available for applicants or enrollees who are otherwise eligible for medical assistance but fail to verify their assets. Enrollees who become eligible for medical assistance shall be terminated and transferred to medical assistance. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in section 256B.056, subdivision 3, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum;

(ii) who has gross countable income above 75 percent of the federal poverty guidelines but not in excess of 175 percent of the federal poverty guidelines for the family size, using a six-month budget period, whose equity in assets is not in excess of the limits in section 256B.056, subdivision 3c, and who applies during an inpatient hospitalization; or

(iii) the commissioner shall adjust the income standards under this section each July 1 by the annual update of the federal poverty guidelines following publication by the United States Department of Health and Human Services.

(b) Effective for applications and renewals processed on or after September 1, 2006, general assistance medical care may not be paid for applicants or recipients who are adults with dependent children under 21 whose gross family income is equal to or less than 275 percent of the federal poverty guidelines who are not described in paragraph (e).

(c) Effective for applications and renewals processed on or after September 1, 2006, general assistance medical care may be paid for applicants and recipients who meet all eligibility requirements of paragraph (a), clause (2), item (i), for a temporary period beginning the date of application. Immediately following approval of general assistance medical care, enrollees shall be enrolled in MinnesotaCare under section 256L.04, subdivision 7, with covered services as provided in section 256L.03 for the rest of the six-month eligibility period, until their six-month renewal.

(d) To be eligible for general assistance medical care following enrollment in MinnesotaCare as required by paragraph (c), an individual must complete a new application.

(e) Applicants and recipients eligible under paragraph (a), clause (1), ~~or~~ who have applied for and are awaiting a determination of blindness or disability by the state medical review team or a determination of eligibility for Supplemental Security Income or Social Security Disability Insurance by the Social Security Administration, ~~or~~ who fail to meet the requirements of section 256L.09, subdivision 2; who are classified as end-stage renal disease beneficiaries in the Medicare program; who are enrolled in private health care coverage as defined in section 256B.02, subdivision 9; who are eligible under paragraph (j); or who receive treatment funded pursuant to section 254B.02 are exempt from the MinnesotaCare enrollment requirements of this subdivision.

(f) For applications received on or after October 1, 2003, eligibility may begin no earlier than the date of application. For individuals eligible under paragraph (a), clause (2), item (i), a redetermination of eligibility must occur every 12 months. Individuals are eligible under paragraph (a), clause (2), item (ii), only during inpatient hospitalization but may reapply if there is a subsequent period of inpatient hospitalization.

(g) Beginning September 1, 2006, Minnesota health care program applications and renewals completed by recipients and applicants who are persons described in paragraph (c) and submitted to the county agency shall be determined for MinnesotaCare eligibility by the county agency. If all other eligibility requirements of this subdivision are met, eligibility for general assistance medical care shall be available in any month during which MinnesotaCare enrollment is pending. Upon notification of eligibility for MinnesotaCare, notice of termination for eligibility for general assistance medical care shall be sent

to an applicant or recipient. If all other eligibility requirements of this subdivision are met, eligibility for general assistance medical care shall be available until enrollment in MinnesotaCare subject to the provisions of paragraphs (c), (e), and (f).

(h) The date of an initial Minnesota health care program application necessary to begin a determination of eligibility shall be the date the applicant has provided a name, address, and Social Security number, signed and dated, to the county agency or the Department of Human Services. If the applicant is unable to provide a name, address, Social Security number, and signature when health care is delivered due to a medical condition or disability, a health care provider may act on an applicant's behalf to establish the date of an initial Minnesota health care program application by providing the county agency or Department of Human Services with provider identification and a temporary unique identifier for the applicant. The applicant must complete the remainder of the application and provide necessary verification before eligibility can be determined. The county agency must assist the applicant in obtaining verification if necessary.

(i) County agencies are authorized to use all automated databases containing information regarding recipients' or applicants' income in order to determine eligibility for general assistance medical care or MinnesotaCare. Such use shall be considered sufficient in order to determine eligibility and premium payments by the county agency.

(j) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(k) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(l) In determining the amount of assets of an individual eligible under paragraph (a), clause (2), item (i), there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 60 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

(m) When determining eligibility for any state benefits under this subdivision, the income and resources of all noncitizens shall be deemed to include their sponsor's income and resources as defined in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, title IV, Public Law 104-193, sections 421 and 422, and subsequently set out in federal rules.

(n) Undocumented noncitizens and nonimmigrants are ineligible for general assistance medical care. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(o) Notwithstanding any other provision of law, a noncitizen who is ineligible for medical assistance due to the deeming of a sponsor's income and resources, is ineligible for general assistance medical care.

(p) Effective July 1, 2003, general assistance medical care emergency services end.

EFFECTIVE DATE. This section is effective September 1, 2006.

Sec. 12. Minnesota Statutes 2005 Supplement, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Co-payments and coinsurance.** (a) Except as provided in paragraphs (b) and (c), the MinnesotaCare benefit plan shall include the following co-payments and coinsurance requirements for all enrollees:

(1) ten percent of the paid charges for inpatient hospital services for adult enrollees, subject to an annual inpatient out-of-pocket maximum of \$1,000 per individual and \$3,000 per family;

(2) \$3 per prescription for adult enrollees;

(3) \$25 for eyeglasses for adult enrollees;

(4) \$3 per nonpreventive visit. For purposes of this subdivision, a "visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist; and

(5) \$6 for nonemergency visits to a hospital-based emergency room; and

~~(6) 50 percent of the fee-for-service rate for adult dental care services other than preventive care services for persons eligible under section 256L.04, subdivisions 1 to 7, with income equal to or less than 175 percent of the federal poverty guidelines.~~

(b) Paragraph (a), clause (1), does not apply to parents and relative caretakers of children under the age of 21 in households with family income equal to or less than 175 percent of the federal poverty guidelines. Paragraph (a), clause (1), does not apply to parents and relative caretakers of children under the age of 21 in households with family income greater than 175 percent of the federal poverty guidelines for inpatient hospital admissions occurring on or after January 1, 2001.

(c) Paragraph (a), clauses (1) to (4), do not apply to pregnant women and children under the age of 21.

(d) Adult enrollees with family gross income that exceeds 175 percent of the federal poverty guidelines and who are not pregnant shall be financially responsible for the coinsurance amount, if applicable, and amounts which exceed the \$10,000 inpatient hospital benefit limit.

(e) When a MinnesotaCare enrollee becomes a member of a prepaid health plan, or changes from one prepaid health plan to another during a calendar year, any charges submitted towards the \$10,000 annual inpatient benefit limit, and any out-of-pocket expenses incurred by the enrollee for inpatient services, that were submitted or incurred prior to enrollment, or prior to the change in health plans, shall be disregarded.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 13. Minnesota Statutes 2004, section 256L.11, is amended by adding a subdivision to read:

Subd. 7. **Critical access dental providers.** Effective for dental services provided to MinnesotaCare enrollees on or after January 1, 2007, the commissioner shall increase payment rates to dentists and dental clinics deemed by the commissioner to be critical access providers under section 256B.76, paragraph (c), by 50 percent above the payment rate that would otherwise be paid to the provider. The commissioner shall adjust the rates paid on or after January 1, 2007, to prepaid health plans under contract with the commissioner to reflect this rate increase. The prepaid health plan must pass this rate increase to providers who have been identified by the commissioner as critical access dental providers under section 256B.76, paragraph (c).

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 14. Minnesota Statutes 2004, section 256L.17, subdivision 2, is amended to read:

Subd. 2. **Limit on total assets.** (a) Effective July 1, 2002, or upon federal approval, whichever is later, in order to be eligible for the MinnesotaCare program, a household of two or more persons must not own more than \$20,000 in total net assets, and a household of one person must not own more than \$10,000 in total net assets.

(b) For purposes of this subdivision, assets are determined according to section 256B.056, subdivision 3c.

(c) State-funded MinnesotaCare is not available for applicants or enrollees who are otherwise eligible for medical assistance but fail to verify assets. Enrollees who become eligible for federally funded medical assistance shall be terminated from state-funded MinnesotaCare and transferred to medical assistance.

Sec. 15. **PHARMACY PAYMENT REFORM ADVISORY COMMITTEE.**

Subdivision 1. **Definitions.** For purposes of this section, the following words, terms, and phrases have the following meanings:

(a) "Department" means the Department of Human Services.

(b) "Commissioner" means the commissioner of the Department of Human Services.

(c) "Cost of dispensing" includes, but is not limited to, operational and overhead costs; professional counseling as required under the Omnibus Budget Reconciliation Act of 1990, excluding medication management services under Minnesota Statutes, section 256B.0625, subdivision 13h; salaries; and other associated administrative costs. In addition, cost of dispensing includes expenses transferred by wholesale drug distributors to pharmacies as a result of the wholesale drug distributor tax under Minnesota Statutes, sections 295.52 to 295.582.

(d) "Additional costs" include, but are not limited to, costs relating to coordination of benefits, bad debt, uncollected co-pays, payment lag times, and high rate of rejected claims.

(e) "Advisory committee" means the Pharmacy Payment Reform Advisory Committee established by this section.

Subd. 2. **Advisory committee.** The Pharmacy Payment Reform Advisory Committee is established under the direction of the commissioner of human services. The commissioner, after receiving recommendations from the Minnesota Pharmacists Association, the Minnesota Retailers Association, the Minnesota Hospital Association, and the Minnesota Wholesale Druggists Association, shall convene a pharmacy payment reform advisory committee to advise the commissioner and make recommendations to the legislature on implementation of pharmacy reforms contained in title VI, chapter IV, of the Deficit Reduction Act of 2005. The committee shall be comprised of seven private sector representatives with management/operations experience, representing each of the following pharmacy practice settings: independent and chain pharmacy entities, one of whom must have expertise in pharmacoeconomics;

managed care; hospital outpatient pharmacies; and wholesale drug distribution. The committee shall be staffed by an employee of the department who shall serve as an ex officio nonvoting member of the committee. The department's pharmacy program manager shall also serve as an ex officio, nonvoting member of the committee. The committee is governed by Minnesota Statutes, section 15.059, except that committee members do not receive compensation or reimbursement for expenses. The advisory committee members shall serve a two-year term and the advisory committee will expire on January 31, 2008. At least five of the committee members shall be registered pharmacists.

Subd. 3. **Cost of dispensing study.** The department shall conduct a prescription drug cost of dispensing study to determine the average cost of dispensing Medicaid prescriptions in Minnesota. The department shall contract with an independent third party to conduct a Medicaid prescription drug cost of dispensing study. The cost of dispensing study shall be completed by an independent third party no later than January 1, 2007, and reported to the department and the advisory committee upon completion.

Subd. 4. **Content of study.** The study shall determine the cost of dispensing the average prescription and any additional costs that might be incurred for dispensing Medicaid prescriptions. The study shall include the current level of dispensing fees paid to providers for dispensing Medicaid prescription drugs and an estimate of revenues required to adequately adjust reimbursement to cover the cost to pharmacies for dispensing Medicaid prescription drugs.

Subd. 5. **Methodology of study and publishing requirement.** The independent third-party entity performing the cost of dispensing research shall submit to the advisory committee the entity's proposed research methodology and shall make the data available to allow other independent researchers to review the study results. The data shall be published in a manner that does not identify the source of the data.

Subd. 6. **Recommendations.** The advisory committee shall use the information from the cost of dispensing study and make recommendations to the commissioner on implementation of pharmacy reforms contained in title VI, chapter IV, of the Deficit Reduction Act of 2005. The commissioner shall report the findings of the study and the recommendations of the advisory committee to the legislature by February 1, 2007. The commissioner, in consultation with the advisory committee, shall make recommendations to the legislature on how to adequately adjust Medicaid reimbursement rates to pharmacies to cover the costs of dispensing and additional costs to pharmacies. Reports shall include the current level of dispensing fees paid to providers for dispensing Medicaid prescription drugs and an estimate of revenues required to adequately adjust reimbursement to cover the cost to pharmacies for dispensing Medicaid prescription drugs to ensure that:

(1) reimbursement is sufficient to enlist an adequate number of participating pharmacy providers so that pharmacy services are as available for Medicaid recipients under the program as for the state's general population;

(2) Medicaid dispensing fees are adequate to reimburse pharmacy providers for the costs of dispensing prescriptions under the Medicaid program;

(3) Medicaid pharmacy reimbursement for multiple-source drugs included on the federal upper reimbursement limit is set at the level established by the federal government under United States Code, title 42, section 1396r-8(e)(5); and

(4) the new payment system does not create disincentives for pharmacists to dispense generic drugs.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. **MENTAL HEALTH PILOT PROGRAM FOR UNSHELTERED INDIVIDUALS.**

Subdivision 1. **Pilot project program components.** The commissioner of human services shall establish two pilot projects, one in Ramsey County and one in Hennepin County, which shall:

- (1) operate two ten-bed facilities in separate locations;
- (2) provide community support to individuals who have been living homeless for at least one year;
- (3) provide 24-hour supervision; and
- (4) provide on-site mental health services which focus on the mental health needs of individuals who have lived unsheltered.

Subd. 2. **Group residential housing.** Notwithstanding Minnesota Statutes, section 256I.05, subdivisions 1a and 1c, a county agency shall negotiate a supplementary rate in addition to the rate specified in Minnesota Statutes, section 256I.05, subdivision 1, not to exceed \$700 per month, including any legislatively authorized inflationary adjustments for a group residential program that meets the components under subdivision 1, and for the independent living component of the program under subdivision 3.

Subd. 3. **Independent living.** An individual who has lived in one of the facilities under subdivision 1, and who is being transitioned to independent living as part of the program plan, continues to be eligible for group residential housing and the supplementary service rate negotiated with the county under subdivision 2.

Subd. 4. **Effective date.** This section is effective July 1, 2006, through June 30, 2008.

Sec. 17. **REPEALER.**

Minnesota Statutes 2004, sections 245.465, subdivision 2; 256B.0945, subdivisions 5, 6, 7, 8, and 9; and 256B.83, are repealed.

ARTICLE 17

HEALTH CARE FEDERAL COMPLIANCE

Section 1. Minnesota Statutes 2004, section 62A.045, is amended to read:

62A.045 PAYMENTS ON BEHALF OF ENROLLEES IN GOVERNMENT HEALTH PROGRAMS.

(a) As a condition of doing business in Minnesota, each health insurer shall comply with the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171, including any federal regulations adopted under that act, to the extent that it imposes a requirement that applies in this state and that is not also required by the laws of this state. This section does not require compliance with any provision of the federal act prior to the effective date provided for that provision in the federal act. The commissioner shall enforce this section.

For the purpose of this section, "health insurer" includes self-insured plans, group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974), service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are by contract legally responsible to pay a claim for a healthcare item or service for an individual receiving benefits under paragraph (b).

(b) No health plan issued or renewed to provide coverage to a Minnesota resident shall contain any provision denying or reducing benefits because services are rendered to a person who is eligible for or receiving medical benefits pursuant to title XIX of the Social Security Act (Medicaid) in this or any other state; chapter 256; 256B; or 256D or services pursuant to section 252.27; 256L.01 to 256L.10; 260B.331, subdivision 2; 260C.331, subdivision 2; or 393.07, subdivision 1 or 2. No health carrier providing benefits under plans covered by this section shall use eligibility for medical programs named in this section as an underwriting guideline or reason for nonacceptance of the risk.

~~(b)~~ (c) If payment for covered expenses has been made under state medical programs for health care items or services provided to an individual, and a third party has a legal liability to make payments, the rights of payment and appeal of an adverse coverage decision for the individual, or in the case of a child their responsible relative or caretaker, will be subrogated to the state agency. The state agency may assert its rights under this section within three years of the date the service was rendered. For purposes of this section, "state agency" includes prepaid health plans under contract with the commissioner according to sections 256B.69, 256D.03, subdivision 4, paragraph (c), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; and county-based purchasing entities under section 256B.692.

~~(c)~~ (d) Notwithstanding any law to the contrary, when a person covered by a health plan receives medical benefits according to any statute listed in this section, payment for covered services or notice of denial for services billed by the provider must be issued directly to the provider. If a person was receiving medical benefits through the Department of Human Services at the time a service was provided, the provider must indicate this benefit coverage on any claim forms submitted by the provider to the health carrier for those services. If the commissioner of human services notifies the health carrier that the commissioner has made payments to the provider, payment for benefits or notices of denials issued by the health carrier must be issued directly to the commissioner. Submission by the department to the health carrier of the claim on a Department of Human Services claim form is proper notice and shall be considered proof of payment of the claim to the provider and supersedes any contract requirements of the health carrier relating to the form of submission. Liability to the insured for coverage is satisfied to the extent that payments for those benefits are made by the health carrier to the provider or the commissioner as required by this section.

~~(d)~~ (e) When a state agency has acquired the rights of an individual eligible for medical programs named in this section and has health benefits coverage through a health carrier, the health carrier shall not impose requirements that are different from requirements applicable to an agent or assignee of any other individual covered.

~~(e)~~ (f) For the purpose of this section, health plan includes coverage offered by community integrated service networks, any plan governed under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461, and coverage offered under the exclusions listed in section 62A.011, subdivision 3, clauses (2), (6), (9), (10), and (12).

Sec. 2. Minnesota Statutes 2004, section 62S.05, is amended by adding a subdivision to read:

Subd. 4. **Extension of limitation periods.** The commissioner may extend the limitation periods set forth in subdivisions 1 and 2 as to specific age group categories in specific policy forms upon finding that the extension is in the best interest of the public.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 3. Minnesota Statutes 2004, section 62S.08, subdivision 3, is amended to read:

Subd. 3. **Mandatory format.** The following standard format outline of coverage must be used, unless otherwise specifically indicated:

COMPANY NAME
ADDRESS - CITY AND STATE
TELEPHONE NUMBER
LONG-TERM CARE INSURANCE

OUTLINE OF COVERAGE

Policy Number or Group Master Policy and Certificate Number

(Except for policies or certificates which are guaranteed issue, the following caution statement, or language substantially similar, must appear as follows in the outline of coverage.)

CAUTION: The issuance of this long-term care insurance (policy) (certificate) is based upon your responses to the questions on your application. A copy of your (application) (enrollment form) (is enclosed) (was retained by you when you applied). If your answers are incorrect or untrue, the company has the right to deny benefits or rescind your policy. The best time to clear up any questions is now, before a claim arises. If, for any reason, any of your answers are incorrect, contact the company at this address: (insert address).

(1) This policy is (an individual policy of insurance) (a group policy) which was issued in the (indicate jurisdiction in which group policy was issued).

(2) PURPOSE OF OUTLINE OF COVERAGE. This outline of coverage provides a very brief description of the important features of the policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual or group policy contains governing contractual provisions. This means that the policy or group policy sets forth in detail the rights and obligations of both you and the insurance company. Therefore, if you purchase this coverage, or any other coverage, it is important that you READ YOUR POLICY (OR CERTIFICATE) CAREFULLY.

(3) THIS PLAN IS INTENDED TO BE A QUALIFIED LONG-TERM CARE INSURANCE CONTRACT AS DEFINED UNDER SECTION 7702(B)(b) OF THE INTERNAL REVENUE CODE OF 1986.

(4) TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE CONTINUED IN FORCE OR DISCONTINUED.

(a) (For long-term care health insurance policies or certificates describe one of the following permissible policy renewability provisions:)

(1) (Policies and certificates that are guaranteed renewable shall contain the following statement:) RENEWABILITY: THIS POLICY (CERTIFICATE) IS GUARANTEED RENEWABLE. This means you have the right, subject to the terms of your policy, (certificate) to continue this policy as long as you pay your premiums on time. (Company name) cannot change any of the terms of your policy on its own, except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY.

(2) (Policies and certificates that are noncancelable shall contain the following statement:) RENEWABILITY: THIS POLICY (CERTIFICATE) IS NONCANCELABLE. This means that you have the right, subject to the terms of your policy, to continue this policy as long as you pay your premiums on time. (Company name) cannot change any of the terms of your policy on its own and cannot change the premium you currently pay. However, if your policy contains an inflation protection feature where you choose to increase your benefits, (Company name) may increase your premium at that time for those additional benefits.

(b) (For group coverage, specifically describe continuation/conversion provisions applicable to the certificate and group policy.)

(c) (Describe waiver of premium provisions or state that there are not such provisions.)

(5) TERMS UNDER WHICH THE COMPANY MAY CHANGE PREMIUMS.

(In bold type larger than the maximum type required to be used for the other provisions of the outline of coverage, state whether or not the company has a right to change the premium and, if a right exists, describe clearly and concisely each circumstance under which the premium may change.)

(6) TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE RETURNED AND PREMIUM REFUNDED.

(a) (Provide a brief description of the right to return – "free look" provision of the policy.)

(b) (Include a statement that the policy either does or does not contain provisions providing for a refund or partial refund of premium upon the death of an insured or surrender of the policy or certificate. If the policy contains such provisions, include a description of them.)

~~(5)~~ **(7) THIS IS NOT MEDICARE SUPPLEMENT COVERAGE.** If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from the insurance company.

(a) (For agents) neither (insert company name) nor its agents represent Medicare, the federal government, or any state government.

(b) (For direct response) (insert company name) is not representing Medicare, the federal government, or any state government.

~~(6)~~ **(8) LONG-TERM CARE COVERAGE.** Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a nursing home, in the community, or in the home.

This policy provides coverage in the form of a fixed dollar indemnity benefit for covered long-term care expenses, subject to policy (limitations), (waiting periods), and (coinsurance) requirements. (Modify this paragraph if the policy is not an indemnity policy.)

~~(7)~~ **(9) BENEFITS PROVIDED BY THIS POLICY.**

(a) (Covered services, related deductible(s), waiting periods, elimination periods, and benefit maximums.)

(b) (Institutional benefits, by skill level.)

(c) (Noninstitutional benefits, by skill level.)

(d) (Eligibility for payment of benefits.)

(Activities of daily living and cognitive impairment shall be used to measure an insured's need for long-term care and must be defined and described as part of the outline of coverage.)

(Any benefit screens must be explained in this section. If these screens differ for different benefits, explanation of the screen should accompany each benefit description. If an attending physician or other specified person must certify a certain level of functional dependency in order to be eligible for benefits, this too must be specified. If activities of daily living (ADLs) are used to measure an insured's need for long-term care, then these qualifying criteria or screens must be explained.)

~~(8)~~ **(10) LIMITATIONS AND EXCLUSIONS:**

Describe:

(a) preexisting conditions;

(b) noneligible facilities/provider;

- (c) noneligible levels of care (e.g., unlicensed providers, care or treatment provided by a family member, etc.);
- (d) exclusions/exceptions; and
- (e) limitations.

(This section should provide a brief specific description of any policy provisions which limit, exclude, restrict, reduce, delay, or in any other manner operate to qualify payment of the benefits described in paragraph ~~(6)~~ (8).)

THIS POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG-TERM CARE NEEDS.

~~(9)~~ (11) RELATIONSHIP OF COST OF CARE AND BENEFITS. Because the costs of long-term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted. As applicable, indicate the following:

- (a) that the benefit level will not increase over time;
- (b) any automatic benefit adjustment provisions;
- (c) whether the insured will be guaranteed the option to buy additional benefits and the basis upon which benefits will be increased over time if not by a specified amount or percentage;
- (d) if there is such a guarantee, include whether additional underwriting or health screening will be required, the frequency and amounts of the upgrade options, and any significant restrictions or limitations; and
- (e) whether there will be any additional premium charge imposed and how that is to be calculated.

~~(10)~~ (12) ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS. (State that the policy provides coverage for insureds clinically diagnosed as having Alzheimer's disease or related degenerative and dementing illnesses. Specifically, describe each benefit screen or other policy provision which provides preconditions to the availability of policy benefits for such an insured.)

~~(11)~~ (13) PREMIUM.

- (a) State the total annual premium for the policy.
- (b) If the premium varies with an applicant's choice among benefit options, indicate the portion of annual premium which corresponds to each benefit option.

~~(12)~~ (14) ADDITIONAL FEATURES.

- (a) Indicate if medical underwriting is used.
- (b) Describe other important features.

(15) CONTACT THE STATE DEPARTMENT OF COMMERCE OR SENIOR LINKAGE LINE IF YOU HAVE GENERAL QUESTIONS REGARDING LONG-TERM CARE INSURANCE. CONTACT THE INSURANCE COMPANY IF YOU HAVE SPECIFIC QUESTIONS REGARDING YOUR LONG-TERM CARE INSURANCE POLICY OR CERTIFICATE.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 4. Minnesota Statutes 2004, section 62S.081, subdivision 4, is amended to read:

Subd. 4. **Forms.** An insurer shall use the forms in Appendices B (Personal Worksheet) and F (Potential Rate Increase Disclosure Form) of the Long-term Care Insurance Model Regulation adopted by

the National Association of Insurance Commissioners to comply with the requirements of subdivisions 1 and 2.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 5. Minnesota Statutes 2004, section 62S.10, subdivision 2, is amended to read:

Subd. 2. **Contents.** The summary must include the following information:

(1) an explanation of how the long-term care benefit interacts with other components of the policy, including deductions from death benefits;

(2) an illustration of the amount of benefits, the length of benefits, and the guaranteed lifetime benefits, if any, for each covered person; ~~and~~

(3) any exclusions, reductions, and limitations on benefits of long-term care; and

(4) a statement that any long-term care inflation protection option required by section 62S.23 is not available under this policy.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 6. Minnesota Statutes 2004, section 62S.13, is amended by adding a subdivision to read:

Subd. 6. **Death of insured.** In the event of the death of the insured, this section shall not apply to the remaining death benefit of a life insurance policy that accelerates benefits for long-term care. In this situation, the remaining death benefits under these policies shall be governed by section 61A.03, subdivision 1, paragraph (c). In all other situations, this section shall apply to life insurance policies that accelerate benefits for long-term care.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 7. Minnesota Statutes 2004, section 62S.14, subdivision 2, is amended to read:

Subd. 2. **Terms.** The terms "guaranteed renewable" and "noncancelable" may not be used in an individual long-term care insurance policy without further explanatory language that complies with the disclosure requirements of section 62S.20. The term "level premium" may only be used when the insurer does not have the right to change the premium.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 8. Minnesota Statutes 2004, section 62S.15, is amended to read:

62S.15 AUTHORIZED LIMITATIONS AND EXCLUSIONS.

No policy may be delivered or issued for delivery in this state as long-term care insurance if the policy limits or excludes coverage by type of illness, treatment, medical condition, or accident, except as follows:

(1) preexisting conditions or diseases;

(2) mental or nervous disorders; except that the exclusion or limitation of benefits on the basis of Alzheimer's disease is prohibited;

(3) alcoholism and drug addiction;

(4) illness, treatment, or medical condition arising out of war or act of war; participation in a felony, riot, or insurrection; service in the armed forces or auxiliary units; suicide, attempted suicide, or intentionally self-inflicted injury; or non-fare-paying aviation; ~~and~~

(5) treatment provided in a government facility unless otherwise required by law, services for which benefits are available under Medicare or other government program except Medicaid, state or federal workers' compensation, employer's liability or occupational disease law, motor vehicle no-fault law; services provided by a member of the covered person's immediate family; and services for which no charge is normally made in the absence of insurance; and

(6) expenses for services or items available or paid under another long-term care insurance or health insurance policy.

This subdivision does not prohibit exclusions and limitations by type of provider or territorial limitations.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 9. Minnesota Statutes 2004, section 62S.20, subdivision 1, is amended to read:

Subdivision 1. **Renewability.** (a) Individual long-term care insurance policies must contain a renewability provision that is appropriately captioned, appears on the first page of the policy, and clearly states ~~the duration, where limited, of renewability and the duration of the term of coverage for which the policy is issued and for which it may be renewed that the coverage is guaranteed renewable or noncancelable.~~ This subdivision does not apply to policies which are part of or combined with life insurance policies which do not contain a renewability provision and under which the right to nonrenew is reserved solely to the policyholder.

(b) A long-term care insurance policy or certificate, other than one where the insurer does not have the right to change the premium, shall include a statement that premium rates may change.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 10. Minnesota Statutes 2004, section 62S.24, subdivision 1, is amended to read:

Subdivision 1. **Required questions.** An application form must include the following questions designed to elicit information as to whether, as of the date of the application, the applicant has another long-term care insurance policy or certificate in force or whether a long-term care policy or certificate is intended to replace any other accident and sickness or long-term care policy or certificate presently in force. A supplementary application or other form to be signed by the applicant and agent, except where the coverage is sold without an agent, containing the following questions may be used. If a replacement policy is issued to a group as defined under section 62S.01, subdivision 15, clause (1), the following questions may be modified only to the extent necessary to elicit information about long-term care insurance policies other than the group policy being replaced; provided, however, that the certificate holder has been notified of the replacement:

(1) do you have another long-term care insurance policy or certificate in force (including health care service contract or health maintenance organization contract)?;

(2) did you have another long-term care insurance policy or certificate in force during the last 12 months?;

(i) if so, with which company?; and

(ii) if that policy lapsed, when did it lapse?; ~~and~~

(3) are you covered by Medicaid?; and

(4) do you intend to replace any of your medical or health insurance coverage with this policy (certificate)?

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 11. Minnesota Statutes 2004, section 62S.24, is amended by adding a subdivision to read:

Subd. 1a. Other health insurance policies sold by agent. Agents shall list all other health insurance policies they have sold to the applicant that are still in force or were sold in the past five years and are no longer in force.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 12. Minnesota Statutes 2004, section 62S.24, subdivision 3, is amended to read:

Subd. 3. Solicitations other than direct response. After determining that a sale will involve replacement, an insurer, other than an insurer using direct response solicitation methods or its agent, shall furnish the applicant, before issuance or delivery of the individual long-term care insurance policy, a notice regarding replacement of accident and sickness or long-term care coverage. One copy of the notice must be retained by the applicant and an additional copy signed by the applicant must be retained by the insurer. The required notice must be provided in the following manner:

NOTICE TO APPLICANT REGARDING REPLACEMENT OF
INDIVIDUAL ACCIDENT AND SICKNESS OR LONG-TERM CARE INSURANCE

(Insurance company's name and address)

SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.

According to (your application) (information you have furnished), you intend to lapse or otherwise terminate existing accident and sickness or long-term care insurance and replace it with an individual long-term care insurance policy to be issued by (company name) insurance company. Your new policy provides 30 days within which you may decide, without cost, whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

You should review this new coverage carefully, comparing it with all accident and sickness or long-term care insurance coverage you now have, and terminate your present policy only if, after due consideration, you find that purchase of this long-term care coverage is a wise decision.

STATEMENT TO APPLICANT BY AGENT

(BROKER OR OTHER REPRESENTATIVE):

(Use additional sheets, as necessary.)

I have reviewed your current medical health insurance coverage. I believe the replacement of insurance involved in this transaction materially improves your position. My conclusion has taken into account the following considerations, which I call to your attention:

(a) Health conditions which you presently have (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay in payment of benefits under the new policy, whereas a similar claim might have been payable under your present policy.

(b) State law provides that your replacement policy or certificate may not contain new preexisting conditions or probationary periods. The insurer will waive any time periods applicable to preexisting

conditions or probationary periods in the new policy (or coverage) for similar benefits to the extent such time was spent (depleted) under the original policy.

(c) If you are replacing existing long-term care insurance coverage, you may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.

(d) If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, reread it carefully to be certain that all information has been properly recorded.

.....

(Signature of Agent, Broker, or Other Representative)

(Typed Name and Address of Agency or Broker)

The above "Notice to Applicant" was delivered to me on:

.....

(Date)

.....

(Applicant's Signature)

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 13. Minnesota Statutes 2004, section 62S.24, subdivision 4, is amended to read:

Subd. 4. **Direct response solicitations.** Insurers using direct response solicitation methods shall deliver a notice regarding replacement of long-term care coverage to the applicant upon issuance of the policy. The required notice must be provided in the following manner:

NOTICE TO APPLICANT REGARDING REPLACEMENT OF ACCIDENT AND SICKNESS OR

LONG-TERM CARE INSURANCE

(Insurance company's name and address)

SAVE THIS NOTICE! IT MAY BE

IMPORTANT TO YOU IN THE FUTURE.

According to (your application) (information you have furnished), you intend to lapse or otherwise terminate existing accident and sickness or long-term care insurance and replace it with the long-term care insurance policy delivered herewith issued by (company name) insurance company.

Your new policy provides 30 days within which you may decide, without cost, whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

You should review this new coverage carefully, comparing it with all long-term care insurance coverage you now have, and terminate your present policy only if, after due consideration, you find that purchase of this long-term care coverage is a wise decision.

(a) Health conditions which you presently have (preexisting conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay in payment of benefits under the new policy, whereas a similar claim might have been payable under your present policy.

(b) State law provides that your replacement policy or certificate may not contain new preexisting conditions or probationary periods. Your insurer will waive any time periods applicable to preexisting conditions or probationary periods in the new policy (or coverage) for similar benefits to the extent such time was spent (depleted) under the original policy.

(c) If you are replacing existing long-term care insurance coverage, you may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.

(d) (To be included only if the application is attached to the policy.)

If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, read the copy of the application attached to your new policy and be sure that all questions are answered fully and correctly. Omissions or misstatements in the application could cause an otherwise valid claim to be denied. Carefully check the application and write to (company name and address) within 30 days if any information is not correct and complete, or if any past medical history has been left out of the application.

.....
(Company Name)

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 14. Minnesota Statutes 2004, section 62S.24, is amended by adding a subdivision to read:

Subd. 7. **Life insurance policies.** Life insurance policies that accelerate benefits for long-term care shall comply with this section if the policy being replaced is a long-term care insurance policy. If the policy being replaced is a life insurance policy, the insurer shall comply with the replacement requirements of sections 61A.53 to 61A.60. If a life insurance policy that accelerates benefits for long-term care is replaced by another such policy, the replacing insurer shall comply with both the long-term care and the life insurance replacement requirements.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 15. Minnesota Statutes 2004, section 62S.24, is amended by adding a subdivision to read:

Subd. 8. **Exchange for long-term care partnership policy; addition of policy rider.** (a) If authorized by federal law or a federal waiver is granted with respect to the long-term care partnership program referenced in section 256B.0571, issuers of long-term care policies may voluntarily exchange a current long-term care insurance policy for a long-term care partnership policy that meets the requirements of Public Law 109-171, section 6021, after the effective date of the state plan amendment implementing the partnership program in this state.

(b) If authorized by federal law or a federal waiver is granted with respect to the long-term care partnership program referenced in section 256B.0571, allowing an existing long-term care insurance policy to qualify as a partnership policy by addition of a policy rider, the issuer of the policy is authorized to add the rider to the policy after the effective date of the state plan amendment implementing the partnership program in this state.

(c) The commissioner, in cooperation with the commissioner of human services, shall pursue any federal law changes or waivers necessary to allow the implementation of paragraphs (a) and (b).

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 16. Minnesota Statutes 2004, section 62S.25, subdivision 6, is amended to read:

Subd. 6. **Claims denied.** Each insurer shall report annually by June 30 the number of claims denied for any reason during the reporting period for each class of business, expressed as a percentage of claims denied, other than claims denied for failure to meet the waiting period or because of any applicable preexisting condition. For purposes of this subdivision, "claim" means a request for payment of benefits under an in-force policy regardless of whether the benefit claimed is covered under the policy or any terms or conditions of the policy have been met.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 17. Minnesota Statutes 2004, section 62S.25, is amended by adding a subdivision to read:

Subd. 7. **Reports.** Reports under this section shall be done on a statewide basis and filed with the commissioner. They shall include, at a minimum, the information in the format contained in Appendix E (Claim Denial Reporting Form) and in Appendix G (Replacement and Lapse Reporting Form) of the Long-Term Care Model Regulation adopted by the National Association of Insurance Commissioners.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 18. Minnesota Statutes 2004, section 62S.26, is amended to read:

62S.26 LOSS RATIO.

Subdivision 1. **Minimum loss ratio.** ~~(a)~~ The minimum loss ratio must be at least 60 percent, calculated in a manner which provides for adequate reserving of the long-term care insurance risk. In evaluating the expected loss ratio, the commissioner shall give consideration to all relevant factors, including:

- (1) statistical credibility of incurred claims experience and earned premiums;
- (2) the period for which rates are computed to provide coverage;
- (3) experienced and projected trends;
- (4) concentration of experience within early policy duration;
- (5) expected claim fluctuation;
- (6) experience refunds, adjustments, or dividends;
- (7) renewability features;
- (8) all appropriate expense factors;
- (9) interest;
- (10) experimental nature of the coverage;
- (11) policy reserves;
- (12) mix of business by risk classification; and
- (13) product features such as long elimination periods, high deductibles, and high maximum limits.

Subd. 2. **Life insurance policies.** Subdivision 1 shall not apply to life insurance policies that accelerate benefits for long-term care. A life insurance policy that funds long-term care benefits entirely by accelerating the death benefit is considered to provide reasonable benefits in relation to premiums paid, if the policy complies with all of the following provisions:

(1) the interest credited internally to determine cash value accumulations, including long-term care, if any, are guaranteed not to be less than the minimum guaranteed interest rate for cash value accumulations without long-term care set forth in the policy;

(2) the portion of the policy that provides life insurance benefits meets the nonforfeiture requirements of section 61A.24;

(3) the policy meets the disclosure requirements of sections 62S.09, 62S.10, and 62S.11; and

(4) an actuarial memorandum is filed with the insurance department that includes:

(i) a description of the basis on which the long-term care rates were determined;

(ii) a description of the basis for the reserves;

(iii) a summary of the type of policy, benefits, renewability, general marketing method, and limits on ages of issuance;

(iv) a description and a table of each actuarial assumption used. For expenses, an insurer must include percentage of premium dollars per policy and dollars per unit of benefits, if any;

(v) a description and a table of the anticipated policy reserves and additional reserves to be held in each future year for active lives;

(vi) the estimated average annual premium per policy and the average issue age;

(vii) a statement as to whether underwriting is performed at the time of application. The statement shall indicate whether underwriting is used and, if used, the statement shall include a description of the type or types of underwriting used, such as medical underwriting or functional assessment underwriting. Concerning a group policy, the statement shall indicate whether the enrollee or any dependent will be underwritten and when underwriting occurs; and

(viii) a description of the effect of the long-term care policy provision on the required premiums, nonforfeiture values, and reserves on the underlying life insurance policy, both for active lives and those in long-term care claim status.

Subd. 3. **Nonapplication.** ~~(b)~~ This section does not apply to policies or certificates that are subject to sections 62S.021, 62S.081, and 62S.265, and that comply with those sections.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 19. Minnesota Statutes 2004, section 62S.266, subdivision 2, is amended to read:

Subd. 2. **Requirement.** (a) An insurer must offer each prospective policyholder a nonforfeiture benefit in compliance with the following requirements:

(1) a policy or certificate offered with nonforfeiture benefits must have coverage elements, eligibility, benefit triggers, and benefit length that are the same as coverage to be issued without nonforfeiture benefits. The nonforfeiture benefit included in the offer must be the benefit described in subdivision 5; and

(2) the offer must be in writing if the nonforfeiture benefit is not otherwise described in the outline of coverage or other materials given to the prospective policyholder.

(b) When a group long-term care insurance policy is issued, the offer required in paragraph (a) shall be made to the group policy holder. However, if the policy is issued as group long-term care insurance as defined in section 62S.01, subdivision 15, clause (4), other than to a continuing care retirement community or other similar entity, the offering shall be made to each proposed certificate holder.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 20. Minnesota Statutes 2004, section 62S.29, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** An insurer or other entity marketing long-term care insurance coverage in this state, directly or through its producers, shall:

(1) establish marketing procedures and agent training requirements to assure that ~~any~~ marketing activities, including any comparison of policies by its agents or other producers, are fair and accurate;

(2) establish marketing procedures to assure excessive insurance is not sold or issued;

(3) display prominently by type, stamp, or other appropriate means, on the first page of the outline of coverage and policy, the following:

"Notice to buyer: This policy may not cover all of the costs associated with long-term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all policy limitations.";

(4) provide copies of the disclosure forms required in section 62S.081, subdivision 4, to the applicant;

(5) inquire and otherwise make every reasonable effort to identify whether a prospective applicant or enrollee for long-term care insurance already has long-term care insurance and the types and amounts of the insurance;

~~(6) establish auditable procedures for verifying compliance with this subdivision; and~~

~~(7) if applicable, provide written notice to the prospective policyholder and certificate holder, at solicitation, that a senior insurance counseling program approved by the commissioner is available and the name, address, and telephone number of the program;~~

(8) use the terms "noncancelable" or "level premium" only when the policy or certificate conforms to section 62S.14; and

(9) provide an explanation of contingent benefit upon lapse provided for in section 62S.266.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 21. Minnesota Statutes 2004, section 62S.30, is amended to read:

62S.30 APPROPRIATENESS OF RECOMMENDED PURCHASE SUITABILITY.

~~In recommending the purchase or replacement of a long-term care insurance policy or certificate, an agent shall comply with section 60K.46, subdivision 4.~~

Subdivision 1. Standards. Every insurer or other entity marketing long-term care insurance shall:

(1) develop and use suitability standards to determine whether the purchase or replacement of long-term care insurance is appropriate for the needs of the applicant;

(2) train its agents in the use of its suitability standards; and

(3) maintain a copy of its suitability standards and make them available for inspection upon request by the commissioner.

Subd. 2. **Procedures.** (a) To determine whether the applicant meets the standards developed by the insurer or other entity marketing long-term care insurance, the agent and insurer or other entity marketing long-term care insurance shall develop procedures that take the following into consideration:

(1) the ability to pay for the proposed coverage and other pertinent financial information related to the purchase of the coverage;

(2) the applicant's goals or needs with respect to long-term care and the advantages and disadvantages of insurance to meet those goals or needs; and

(3) the values, benefits, and costs of the applicant's existing insurance, if any, when compared to the values, benefits, and costs of the recommended purchase or replacement.

(b) The insurer or other entity marketing long-term care insurance, and the agent, where an agent is involved, shall make reasonable efforts to obtain the information set forth in paragraph (a). The efforts shall include presentation to the applicant, at or prior to application, of the "Long-Term Care Insurance Personal Worksheet." The personal worksheet used by the insurer or other entity marketing long-term care insurance shall contain, at a minimum, the information in the format contained in Appendix B of the Long-Term Care Model Regulation adopted by the National Association of Insurance Commissioners, in not less than 12-point type. The insurer or other entity marketing long-term care insurance may request the applicant to provide additional information to comply with its suitability standards. The insurer or other entity marketing long-term care insurance shall file a copy of its personal worksheet with the commissioner.

(c) A completed personal worksheet shall be returned to the insurer or other entity marketing long-term care insurance prior to consideration of the applicant for coverage, except the personal worksheet need not be returned for sales of employer group long-term care insurance to employees and their spouses. The sale or dissemination by the insurer or other entity marketing long-term care insurance, or the agent, of information obtained through the personal worksheet, is prohibited.

(d) The insurer or other entity marketing long-term care insurance shall use the suitability standards it has developed under this section in determining whether issuing long-term care insurance coverage to an applicant is appropriate. Agents shall use the suitability standards developed by the insurer or other entity marketing long-term care insurance in marketing long-term care insurance.

(e) At the same time as the personal worksheet is provided to the applicant, the disclosure form entitled "Things You Should Know Before You Buy Long-Term Care Insurance" shall be provided. The form shall be in the format contained in Appendix C of the Long-Term Care Insurance Model Regulation adopted by the National Association of Insurance Commissioners in not less than 12-point type.

(f) If the insurer or other entity marketing long-term care insurance determines that the applicant does not meet its financial suitability standards, or if the applicant has declined to provide the information, the insurer or other entity marketing long-term care insurance may reject the application. In the alternative, the insurer or other entity marketing long-term care insurance shall send the applicant a letter similar to Appendix D of the Long-Term Care Insurance Model Regulation adopted by the National Association of Insurance Commissioners. However, if the applicant has declined to provide financial information, the insurer or other entity marketing long-term care insurance may use some other method to verify the applicant's intent. The applicant's returned letter or a record of the alternative method of verification shall be made part of the applicant's file.

Subd. 3. **Reports.** The insurer or other entity marketing long-term care insurance shall report annually to the commissioner the total number of applications received from residents of this state, the number of those who declined to provide information on the personal worksheet, the number of applicants who did not meet the suitability standards, and the number of those who chose to confirm after receiving a suitability letter.

Subd. 4. **Application.** This section shall not apply to life insurance policies that accelerate benefits for long-term care.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 22. **[62S.315] PRODUCER TRAINING.**

The commissioner shall approve producer training requirements in accordance with the NAIC Long-Term Care Insurance Model Act provisions. The commissioner of the Department of Human Services shall provide technical assistance and information to the commissioner in accordance with Public Law 109-171, section 6021.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 23. Minnesota Statutes 2004, section 144.6501, subdivision 6, is amended to read:

Subd. 6. **Medical assistance payment.** (a) An admission contract for a facility that is certified for participation in the medical assistance program must state that neither the prospective resident, nor anyone on the resident's behalf, is required to pay privately any amount for which the resident's care at the facility has been approved for payment by medical assistance or to make any kind of donation, voluntary or otherwise. Except as permitted under section 6015 of the Deficit Reduction Act of 2005, Public Law 109-171, an admission contract must state that the facility does not require as a condition of admission, either in its admission contract or by oral promise before signing the admission contract, that residents remain in private pay status for any period of time.

(b) The admission contract must state that upon presentation of proof of eligibility, the facility will submit a medical assistance claim for reimbursement and will return any and all payments made by the resident, or by any person on the resident's behalf, for services covered by medical assistance, upon receipt of medical assistance payment.

(c) A facility that participates in the medical assistance program shall not charge for the day of the resident's discharge from the facility or subsequent days.

(d) If a facility's charges incurred by the resident are delinquent for 30 days, and no person has agreed to apply for medical assistance for the resident, the facility may petition the court under chapter 525 to appoint a representative for the resident in order to apply for medical assistance for the resident.

(e) The remedy provided in this subdivision does not preclude a facility from seeking any other remedy available under other laws of this state.

Sec. 24. Minnesota Statutes 2004, section 256B.02, subdivision 9, is amended to read:

Subd. 9. **Private health care coverage.** "Private health care coverage" means any plan regulated by chapter 62A, 62C or 64B. Private health care coverage also includes any ~~self-insurance~~ self-insured plan providing health care benefits, pharmacy benefit manager, service benefit plan, managed care organization, and other parties that are by contract legally responsible for payment of a claim for a health care item or service for an individual receiving medical benefits under chapter 256B, 256D, or 256L.

Sec. 25. Minnesota Statutes 2004, section 256B.056, subdivision 2, is amended to read:

Subd. 2. **Homestead; exclusion and homestead equity limit for institutionalized persons.** (a) The homestead shall be excluded for the first six calendar months of a person's stay in a long-term care facility and shall continue to be excluded for as long as the recipient can be reasonably expected to return to the homestead. For purposes of this subdivision, "reasonably expected to return to the homestead" means the

recipient's attending physician has certified that the expectation is reasonable, and the recipient can show that the cost of care upon returning home will be met through medical assistance or other sources. 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 one of the following individuals:

(a) (1) the spouse;

(b) (2) a child under age 21;

(c) (3) a child of any age who is blind or permanently and totally disabled as defined in the supplemental security income program;

(d) (4) a sibling who has equity interest in the home and who resided in the home for at least one year immediately before the date of the person's admission to the facility; or

(e) (5) a child of any age, or, subject to federal approval, a grandchild of any age, who resided in the home for at least two years immediately before the date of the person's admission to the facility, and who provided care to the person that permitted the person to reside at home rather than in an institution.

(b) Effective for applications filed on or after July 1, 2006, and for renewals after July 1, 2006, for persons who first applied for payment of long-term care services on or after January 2, 2006, the equity interest in the homestead of an individual whose eligibility for long-term care services is determined on or after January 1, 2006, shall not exceed \$500,000, unless it is the lawful residence of the individual's spouse or child who is under age 21, blind, or disabled. The amount specified in this paragraph shall be increased beginning in year 2011, from year to year based on the percentage increase in the Consumer Price Index for all urban consumers (all items; United States city average), rounded to the nearest \$1,000. This provision may be waived in the case of demonstrated hardship by a process to be determined by the secretary of health and human services pursuant to section 6014 of the Deficit Reduction Act of 2005, Public Law 109-171.

Sec. 26. Minnesota Statutes 2004, section 256B.056, is amended by adding a subdivision to read:

Subd. 3e. **Treatment of continuing care retirement and life care community entrance fees.** An entrance fee paid by an individual to a continuing care retirement or life care community shall be treated as an available asset to the extent that:

(1) the individual has the ability to use the entrance fee, or the contract provides that the entrance fee may be used, to pay for care should other resources or income of the individual be insufficient to pay for care;

(2) the individual is eligible for a refund of any remaining entrance fees when the individual dies or terminates the continuing care retirement or life care community contract and leaves the community; and

(3) the entrance fee does not confer an ownership interest in the continuing care retirement or life care community.

Sec. 27. Minnesota Statutes 2004, section 256B.056, is amended by adding a subdivision to read:

Subd. 11. **Treatment of annuities.** (a) Any individual applying for or seeking recertification of eligibility for medical assistance payment of long-term care services shall provide a complete description of any interest either the individual or the individual's spouse has in annuities. The individual and the individual's spouse shall furnish the agency responsible for determining eligibility with complete current copies of their annuities and related documents for review as part of the application process on disclosure forms provided by the department as part of their application.

(b) The disclosure form shall include a statement that the department becomes the remainder beneficiary under the annuity or similar financial instrument by virtue of the receipt of medical assistance.

The disclosure form shall include a notice to the issuer of the department's right under this section as a preferred remainder beneficiary under the annuity or similar financial instrument for medical assistance furnished to the individual or the individual's spouse, and require the issuer to provide confirmation that a remainder beneficiary designation has been made and to notify the county agency when there is a change in the amount of the income or principal being withdrawn from the annuity or other similar financial instrument at the time of the most recent disclosure required under this section. The individual and the individual's spouse shall execute separate disclosure forms for each annuity or similar financial instrument that they are required to disclose under this section and in which they have an interest.

(c) An issuer of an annuity or similar financial instrument who receives notice on a disclosure form as described in paragraph (b) shall provide confirmation to the requesting agency that a remainder beneficiary designating the state has been made and shall notify the county agency when there is a change in the amount of income or principal being withdrawn from the annuity or other similar financial instrument. The county agency shall provide the issuer with the name, address, and telephone number of a unit within the department that the issuer can contact to comply with this paragraph.

Sec. 28. Minnesota Statutes 2005 Supplement, section 256B.0571, is amended to read:

256B.0571 LONG-TERM CARE PARTNERSHIP PROGRAM.

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

~~Subd. 2. **Home care service.** "Home care service" means care described in section 144A.43.~~

Subd. 3. **Long-term care insurance.** "Long-term care insurance" means a policy described in section 62S.01.

Subd. 4. **Medical assistance.** "Medical assistance" means the program of medical assistance established under section 256B.01.

~~Subd. 5. **Nursing home.** "Nursing home" means a nursing home as described in section 144A.01.~~

Subd. 6. **Partnership policy.** "Partnership policy" means a long-term care insurance policy that meets the requirements under subdivision 10 ~~or 11, regardless of when the policy and~~ was first issued on or after the effective date of the state plan amendment implementing the partnership program in Minnesota.

Subd. 7. **Partnership program.** "Partnership program" means the Minnesota partnership for long-term care program established under this section.

Subd. 7a. **Protected assets.** "Protected assets" means assets or proceeds of assets that are protected from recovery under subdivisions 13 and 15.

Subd. 8. **Program established.** (a) The commissioner, in cooperation with the commissioner of commerce, shall establish the Minnesota partnership for long-term care program to provide for the financing of long-term care through a combination of private insurance and medical assistance.

(b) An individual who meets the requirements in this paragraph is eligible to participate in the partnership program. The individual must:

(1) be a Minnesota resident at the time coverage first became effective under the partnership policy;

(2) purchase a partnership policy that is delivered, issued for delivery, or renewed on or after the effective date of Laws 2005, First Special Session chapter 4, article 7, section 5, and maintain the partnership policy in effect throughout the period of participation in the partnership program be a beneficiary of a partnership policy that (i) is issued on or after the effective date of the state plan amendment implementing the

partnership program in Minnesota, or (ii) qualifies as a partnership policy under the provisions of subdivision 8a; and

(3) ~~exhaust the minimum~~ have exhausted all of the benefits under the partnership policy as described in this section. Benefits received under a long-term care insurance policy before ~~the effective date of Laws 2005, First Special Session chapter 4, article 7, section 5~~ July 1, 2006, do not count toward the exhaustion of benefits required in this subdivision.

Subd. 8a. **Exchange for long-term care partnership policy; addition of policy rider.** (a) If authorized by federal law or federal approval is granted with respect to the partnership program established in this section, a long-term care insurance policy that was issued before the effective date of the state plan amendment implementing the partnership program in Minnesota that was exchanged after the effective date of the state plan amendment for a long-term care partnership policy that meets the requirements of Public Law 109-171, section 6021, qualifies as a long-term care partnership policy under this section, unless the policy is paying benefits on the date the policy is exchanged.

(b) If authorized by federal law or federal approval is granted with respect to the partnership program established in this section, a long-term care insurance policy that was issued before the effective date of the state plan amendment implementing the partnership program in Minnesota that has a rider added after the effective date of the state plan amendment that meets the requirements of Public Law 109-171, section 6021, qualifies as a long-term care partnership policy under this section, unless the policy is paying benefits on the date the rider is added.

Subd. 9. **Medical assistance eligibility.** (a) Upon application ~~of~~ for medical assistance program payment of long-term care services by an individual who meets the requirements described in subdivision 8, the commissioner shall determine the individual's eligibility for medical assistance according to paragraphs (b) ~~and (c)~~ to (i).

(b) After ~~disregarding financial~~ determining assets ~~exempted under medical assistance eligibility requirements~~ subject to the asset limit under section 256B.056, subdivision 3 or 3c, or section 256B.057, subdivision 9 or 10, the commissioner shall ~~disregard an additional amount of financial assets equal~~ allow the individual to designate assets to be protected from recovery under subdivisions 13 and 15 up to the dollar amount of ~~coverage~~ the benefits utilized under the partnership policy. Designated assets shall be disregarded for purposes of determining eligibility for payment of long-term care services.

(c) ~~The commissioner shall consider the individual's income according to medical assistance eligibility requirements.~~ The individual shall identify the designated assets and the full fair market value of those assets and designate them as assets to be protected at the time of initial application for medical assistance. The full fair market value of real property or interests in real property shall be based on the most recent full assessed value for property tax purposes for the real property, unless the individual provides a complete professional appraisal by a licensed appraiser to establish the full fair market value. The extent of a life estate in real property shall be determined using the life estate table in the health care program's manual. Ownership of any asset in joint tenancy shall be treated as ownership as tenants in common for purposes of its designation as a disregarded asset. The unprotected value of any protected asset is subject to estate recovery according to subdivisions 13 and 15.

(d) The right to designate assets to be protected is personal to the individual and ends when the individual dies, except as otherwise provided in subdivisions 13 and 15. It does not include the increase in the value of the protected asset and the income, dividends, or profits from the asset. It may be exercised by the individual or by anyone with the legal authority to do so on the individual's behalf. It shall not be sold, assigned, transferred, or given away.

(e) If the dollar amount of the benefits utilized under a partnership policy is greater than the full fair market value of all assets protected at the time of the application for medical assistance long-term care

services, the individual may designate additional assets that become available during the individual's lifetime for protection under this section. The individual must make the designation in writing to the county agency no later than the last date on which the individual must report a change in circumstances to the county agency, as provided for under the medical assistance program. Any excess used for this purpose shall not be available to the individual's estate to protect assets in the estate from recovery under section 256B.15 or 524.3-1202, or otherwise.

(f) This section applies only to estate recovery under United States Code, title 42, section 1396p, subsections (a) and (b), and does not apply to recovery authorized by other provisions of federal law, including, but not limited to, recovery from trusts under United States Code, title 42, section 1396p, subsection (d)(4)(A) and (C), or to recovery from annuities, or similar legal instruments, subject to section 6012, subsections (a) and (b), of the Deficit Reduction Act of 2005, Public Law 109-171.

(g) An individual's protected assets owned by the individual's spouse who applies for payment of medical assistance long-term care services shall not be protected assets or disregarded for purposes of eligibility of the individual's spouse solely because they were protected assets of the individual.

(h) Assets designated under this subdivision shall not be subject to penalty under section 256B.0595.

(i) The commissioner shall otherwise determine the individual's eligibility for payment of long-term care services according to medical assistance eligibility requirements.

Subd. 10. **Dollar-for-dollar asset protection policies Long-term care partnership policy inflation protection.** (a) ~~A dollar-for-dollar asset protection policy must meet all of the requirements in paragraphs (b) to (e):~~

~~(b) The policy must satisfy the requirements of chapter 62S;~~

~~(c) The policy must offer an elimination period of not more than 180 days for an adjusted premium;~~

~~(d) The policy must satisfy the requirements established by the commissioner of human services under subdivision 14;~~

~~(e) Minimum daily benefits shall be \$130 for nursing home care or \$65 for home care, with inflation protection provided in the policy as described in section 62S.23, subdivision 1, clause (1). These minimum daily benefit amounts shall be adjusted by the commissioner on October 1 of each year by a percentage equal to the inflation protection feature described in section 62S.23, subdivision 1, clause (1), for purposes of setting minimum requirements that a policy must meet in future years in order to initially qualify as an approved policy under this subdivision. Adjusted minimum daily benefit amounts shall be rounded to the nearest whole dollar.~~

A long-term care partnership policy must provide the inflation protection described in this paragraph. If the policy is sold to an individual who:

(1) has not attained age 61 as of the date of purchase, the policy must provide compound annual inflation protection;

(2) has attained age 61, but has not attained age 76 as of such date, the policy must provide some level of inflation protection; and

(3) has attained age 76 as of such date, the policy may, but is not required to, provide some level of inflation protection.

Subd. 11. **Total asset protection policies.** (a) ~~A total asset protection policy must meet all of the requirements in subdivision 10, paragraphs (b) to (d), and this subdivision.~~

~~(b) Minimum coverage shall be for a period of not less than three years and for a dollar amount equal to 36 months of nursing home care at the minimum daily benefit rate determined and adjusted under paragraph (c).~~

~~(c) Minimum daily benefits shall be \$150 for nursing home care or \$75 for home care, with inflation protection provided in the policy as described in section 62S.23, subdivision 1, clause (1). These minimum daily benefit amounts shall also be adjusted by the commissioner on October 1 of each year by a percentage equal to the inflation protection feature described in section 62S.23, subdivision 1, clause (1), for purposes of setting minimum requirements that a policy must meet in future years in order to initially qualify as an approved policy under this subdivision. Adjusted minimum daily benefit amounts shall be rounded to the nearest whole dollar.~~

~~(d) The policy must cover all of the following services:~~

- ~~(1) nursing home stay;~~
- ~~(2) home care service; and~~
- ~~(3) care management.~~

Subd. 12. **Compliance with federal law.** An issuer of a partnership policy must comply with ~~any federal law authorizing partnership policies in Minnesota Public Law 109-171, section 6021,~~ including any federal regulations, as amended, adopted under that law. ~~This subdivision does not require compliance with any provision of this federal law until the date upon which the law requires compliance with the provision. The commissioner has authority to enforce this subdivision.~~

Subd. 13. **Limitations on estate recovery.** ~~(a) For an individual who exhausts the minimum benefits of a dollar-for-dollar asset protection policy under subdivision 10, and is determined eligible for medical assistance under subdivision 9, the state shall limit recovery under the provisions of section 256B.15 against the estate of the individual or individual's spouse for medical assistance benefits received by that individual to an amount that exceeds the dollar amount of coverage utilized under the partnership policy. Protected assets of the individual shall not be subject to recovery under section 256B.15 or 524.3-1201 for medical assistance or alternative care paid on behalf of the individual. Protected assets of the individual in the estate of the individual's surviving spouse shall not be liable to pay a claim for recovery of medical assistance paid for the predeceased individual that is filed in the estate of the surviving spouse under section 256B.15. Protected assets of the individual shall not be protected assets in the surviving spouse's estate by reason of the preceding sentence and shall be subject to recovery under section 256B.15 or 524.3-1201 for medical assistance paid on behalf of the surviving spouse.~~

~~(b) For an individual who exhausts the minimum benefits of a total asset protection policy under subdivision 11, and is determined eligible for medical assistance under subdivision 9, the state shall not seek recovery under the provisions of section 256B.15 against the estate of the individual or individual's spouse for medical assistance benefits received by that individual. The personal representative may protect the full fair market value of an individual's unprotected assets in the individual's estate in an amount equal to the unused amount of asset protection the individual had on the date of death. The personal representative shall apply the asset protection so that the full fair market value of any unprotected asset in the estate is protected. When or if the asset protection available to the personal representative is or becomes less than the full fair market value of any remaining unprotected asset, it shall be applied to partially protect one unprotected asset.~~

~~(c) The asset protection described in paragraph (a) terminates with respect to an asset includable in the individual's estate under chapter 524 or section 256B.15:~~

- ~~(1) when the estate distributes the asset; or~~

(2) if the estate of the individual has not been probated within one year from the date of death.

(d) If an individual owns a protected asset on the date of death and the estate is opened for probate more than one year after death, the state or a county agency may file and collect claims in the estate under section 256B.15, and no statute of limitations in chapter 524 that would otherwise limit or bar the claim shall apply.

(e) Except as otherwise provided, nothing in this section shall limit or prevent recovery of medical assistance.

Subd. 14. **Implementation.** (a) If federal law is amended or a federal waiver is granted to permit implementation of this section, the commissioner, in consultation with the commissioner of commerce, may alter the requirements of subdivisions 10 and 11, and may establish additional requirements for approved policies in order to conform with federal law or waiver authority. In establishing these requirements, the commissioner shall seek to maximize purchase of qualifying policies by Minnesota residents while controlling medical assistance costs.

(b) The commissioner is authorized to suspend implementation of this section until the next session of the legislature if the commissioner, in consultation with the commissioner of commerce, determines that the federal legislation or federal waiver authorizing a partnership program in Minnesota is likely to impose substantial unforeseen costs on the state budget.

(c) The commissioner must take action under paragraph (a) or (b) within 45 days of final federal action authorizing a partnership policy in Minnesota.

(d) The commissioner must notify the appropriate legislative committees of action taken under this subdivision within 50 days of final federal action authorizing a partnership policy in Minnesota.

(e) The commissioner must publish a notice in the State Register of implementation decisions made under this subdivision as soon as practicable. (a) The commissioner, in cooperation with the commissioner of commerce, may alter the requirements of this section so as to be in compliance with forthcoming requirements of the federal Department of Health and Human Services and the National Association of Insurance Commissioners necessary to implement the long-term care partnership program requirements of Public Law 109-171, section 6021.

(b) The commissioner shall submit a state plan amendment to the federal government to implement the long-term care partnership program in accordance with this section.

Subd. 15. **Limitation on liens.** (a) An individual's interest in real property shall not be subject to a medical assistance lien or a notice of potential claim while and to the extent it is protected under subdivision 9.

(b) Medical assistance liens or liens arising under notices of potential claims against an individual's interests in real property in the individual's estate that are designated as protected under subdivision 13, paragraph (b), shall be released to the extent of the dollar value of the protection applied to the interest.

(c) If an interest in real property is protected from a lien for recovery of medical assistance paid on behalf of the individual under paragraph (a) or (b), no lien for recovery of medical assistance paid on behalf of that individual shall be filed against the protected interest in real property after it is distributed to the individual's heirs or devisees.

Subd. 16. **Burden of proof.** Any individual or the personal representative of the individual's estate who asserts that an asset is a disregarded or protected asset under this section in connection with any determination of eligibility for benefits under the medical assistance program or any appeal, case, controversy, or other proceedings, shall have the initial burden of:

(1) documenting and proving by clear and convincing evidence that the asset or source of funds for the asset in question was designated as disregarded or protected;

(2) tracing the asset and the proceeds of the asset from that time forward; and

(3) documenting that the asset or proceeds of the asset remained disregarded or protected at all relevant times.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 29. **[256B.0594] PAYMENT OF BENEFITS FROM AN ANNUITY.**

When payment becomes due under an annuity that names the department a remainder beneficiary as described in section 256B.056, subdivision 11, the issuer shall request and the department shall, within 45 days after receipt of the request, provide a written statement of the total amount of the medical assistance paid. Upon timely receipt of the written statement of the amount of medical assistance paid, the issuer shall pay the department an amount equal to the lesser of the amount due the department under the annuity or the total amount of medical assistance paid on behalf of the individual or the individual's spouse. Any amounts remaining after the issuer's payment to the department shall be payable according to the terms of the annuity or similar financial instrument. The county agency or the department shall provide the issuer with the name, address, and telephone number of a unit within the department the issuer can contact to comply with this section. The requirements of section 72A.201, subdivision 4, clause (3), shall not apply to payments made under this section until the issuer has received final payment information from the department, if the issuer has notified the beneficiary of the requirements of this section at the time it initially requests payment information from the department.

Sec. 30. Minnesota Statutes 2004, section 256B.0595, subdivision 1, is amended to read:

Subdivision 1. **Prohibited transfers.** (a) For transfers of assets made on or before August 10, 1993, if a person or the person's spouse has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security program, within 30 months before or any time after the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months before or any time after the date of the first approved application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2.

(b) Effective for transfers made after August 10, 1993, a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or person's spouse, may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security income program, for the purpose of establishing or maintaining medical assistance eligibility. This applies to all transfers, including those made by a community spouse after the month in which the institutionalized spouse is determined eligible for medical assistance. For purposes of determining eligibility for long-term care services, any transfer of such assets within 36 months before or any time after an institutionalized person applies for medical assistance, or 36 months before or any time after a medical assistance recipient becomes institutionalized, for less than fair market value may be considered. Any such transfer is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for long-term care services for the period of time determined under subdivision 2, unless the person furnishes convincing evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivision 3 or 4. ~~Notwithstanding the provisions of this paragraph,~~ In the case of payments from a trust or portions of a trust that are considered

transfers of assets under federal law, or in the case of any other disposal of assets made on or after February 8, 2006, any transfers made within 60 months before or any time after an institutionalized person applies for medical assistance and within 60 months before or any time after a medical assistance recipient becomes institutionalized, may be considered.

(c) This section applies to transfers, for less than fair market value, of income or assets, including assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments or income to which the person or the person's spouse is entitled but does not receive due to action by the person, the person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse.

(d) This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

(e) This section applies to the portion of any asset or interest that a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse, transfers to any annuity that exceeds the value of the benefit likely to be returned to the person or spouse while alive, based on estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care. This section applies to an annuity described in this paragraph purchased on or after March 1, 2002, that:

(1) is not purchased from an insurance company or financial institution that is subject to licensing or regulation by the Minnesota Department of Commerce or a similar regulatory agency of another state;

(2) does not pay out principal and interest in equal monthly installments; or

(3) does not begin payment at the earliest possible date after annuitization.

(f) Effective for transactions, including the purchase of an annuity, occurring on or after February 8, 2006, the purchase of an annuity by or on behalf of an individual who has applied for or is receiving long-term care services or the individual's spouse shall be treated as the disposal of an asset for less than fair market value unless the department is named as the remainder beneficiary in first position for an amount equal to at least the total amount of medical assistance paid on behalf of the individual or the individual's spouse; or the department is named as the remainder beneficiary in second position for an amount equal to at least the total amount of medical assistance paid on behalf of the individual or the individual's spouse after the individual's community spouse or minor or disabled child and is named as the remainder beneficiary in the first position if the community spouse or a representative of the minor or disabled child disposes of the remainder for less than fair market value. Any subsequent change to the designation of the department as a remainder beneficiary shall result in the annuity being treated as a disposal of assets for less than fair market value. The amount of such transfer shall be the maximum amount the individual or the individual's spouse could receive from the annuity or similar financial instrument. Any change in the amount of the income or principal being withdrawn from the annuity or other similar financial instrument at the time of the most recent disclosure shall be deemed to be a transfer of assets for less than fair market value unless the individual or the individual's spouse demonstrates that the transaction was for fair market value.

(g) Effective for transactions, including the purchase of an annuity, occurring on or after February 8, 2006, the purchase of an annuity by or on behalf of an individual applying for or receiving long-term care services shall be treated as a disposal of assets for less than fair market value unless it is:

- (i) an annuity described in subsection (b) or (q) of section 408 of the Internal Revenue Code of 1986;
or
(ii) purchased with proceeds from:
(A) an account or trust described in subsection (a), (c), or (p) of section 408 of the Internal Revenue Code;
(B) a simplified employee pension within the meaning of section 408(k) of the Internal Revenue Code; or
(C) a Roth IRA described in section 408A of the Internal Revenue Code; or
(iii) an annuity that is irrevocable and nonassignable; is actuarially sound as determined in accordance with actuarial publications of the Office of the Chief Actuary of the Social Security Administration; and provides for payments in equal amounts during the term of the annuity, with no deferral and no balloon payments made.

~~(f)~~ (h) For purposes of this section, long-term care services include services in a nursing facility, services that are eligible for payment according to section 256B.0625, subdivision 2, because they are provided in a swing bed, intermediate care facility for persons with mental retardation, and home and community-based services provided pursuant to sections 256B.0915, 256B.092, and 256B.49. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility or in a swing bed, or intermediate care facility for persons with mental retardation or who is receiving home and community-based services under sections 256B.0915, 256B.092, and 256B.49.

(i) This section applies to funds used to purchase a promissory note, loan, or mortgage unless the note, loan, or mortgage:

- (1) has a repayment term that is actuarially sound;
- (2) provides for payments to be made in equal amounts during the term of the loan, with no deferral and no balloon payments made; and
- (3) prohibits the cancellation of the balance upon the death of the lender.

In the case of a promissory note, loan, or mortgage that does not meet an exception in clauses (1) to (3), the value of such note, loan, or mortgage shall be the outstanding balance due as of the date of the individual's application for long-term care services.

(j) This section applies to the purchase of a life estate interest in another individual's home unless the purchaser resides in the home for a period of at least one year after the date of purchase.

Sec. 31. Minnesota Statutes 2005 Supplement, 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.

(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) For uncompensated transfers made on or after February 8, 2006, the period of ineligibility begins on the first day of the month in which advance notice can be given following the month in which assets have been transferred for less than fair market value, or the date on which the individual is eligible for medical assistance under the Medicaid state plan and would otherwise be receiving long-term care services based on an approved application for such care but for the application of the penalty period, whichever is later, and which does not occur during any other period of ineligibility.

(d) 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.

(e) In the case of multiple fractional transfers of assets in more than one month for less than fair market value on or after February 8, 2006, the period of ineligibility is calculated by treating the total, cumulative, uncompensated value of all assets transferred during all months on or after February 8, 2006, as one transfer.

EFFECTIVE DATE. Amendments to this section are effective for applications on or after July 1, 2006, and for renewals and reports of transfers on or after July 1, 2006.

Sec. 32. Minnesota Statutes 2004, section 256B.0595, subdivision 3, is amended to read:

Subd. 3. **Homestead exception to transfer prohibition.** (a) An institutionalized person is not ineligible for long-term care services due to a transfer of assets for less than fair market value if the asset transferred was a homestead and:

(1) title to the homestead was transferred to the individual's;

(i) spouse;

(ii) child who is under age 21;

(iii) blind or permanently and totally disabled child as defined in the supplemental security income program;

(iv) sibling who has equity interest in the home and who was residing in the home for a period of at least one year immediately before the date of the individual's admission to the facility; or

(v) son or daughter who was residing in the individual's home for a period of at least two years immediately before the date of the individual's admission to the facility, and who provided care to the individual that, as certified by the individual's attending physician, permitted the individual to reside at home rather than in an institution or facility;

(2) a satisfactory showing is made that the individual intended to dispose of the homestead at fair market value or for other valuable consideration; or

(3) the local agency grants a waiver of a penalty resulting from a transfer for less than fair market value because denial of eligibility would cause undue hardship for the individual, based on imminent threat to the individual's health and well-being. Whenever an applicant or recipient is denied eligibility because of a transfer for less than fair market value, the local agency shall notify the applicant or recipient that the applicant or recipient may request a waiver of the penalty if the denial of eligibility will cause undue hardship. With the written consent of the individual or the personal representative of the individual, a long-term care facility in which an individual is residing may file an undue hardship waiver request, on behalf of the individual who is denied eligibility for long-term care services on or after July 1, 2006, due to a period of ineligibility resulting from a transfer on or after February 8, 2006. In evaluating a waiver, the local agency shall take into account whether the individual was the victim of financial exploitation, whether the individual has made reasonable efforts to recover the transferred property or resource, and other factors relevant to a determination of hardship. If the local agency does not approve a hardship waiver, the local agency shall issue a written notice to the individual stating the reasons for the denial and the process for appealing the local agency's decision.

(b) When a waiver is granted under paragraph (a), clause (3), a cause of action exists against the person to whom the homestead was transferred for that portion of long-term care services granted within:

(1) 30 months of a transfer made on or before August 10, 1993;

(2) 60 months if the homestead was transferred after August 10, 1993, to a trust or portion of a trust that is considered a transfer of assets under federal law; ~~or~~

(3) 36 months if transferred in any other manner after August 10, 1993, but prior to February 8, 2006;
or

(4) 60 months if the homestead was transferred on or after February 8, 2006,

or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action shall be brought by the state unless the state delegates this responsibility to the local agency responsible for providing medical assistance under chapter 256G.

Sec. 33. Minnesota Statutes 2004, section 256B.0595, subdivision 4, is amended to read:

Subd. 4. **Other exceptions to transfer prohibition.** An institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for long-term care services if one of the following conditions applies:

(1) the assets were transferred to the individual's spouse or to another for the sole benefit of the spouse; or

(2) the institutionalized spouse, prior to being institutionalized, transferred assets to a spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or

(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security income program; or

(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or

(5) the local agency determines that denial of eligibility for long-term care services would work an undue hardship and grants a waiver of a penalty resulting from a transfer for less than fair market value based on an imminent threat to the individual's health and well-being. Whenever an applicant or recipient is denied eligibility because of a transfer for less than fair market value, the local agency shall notify the applicant or recipient that the applicant or recipient may request a waiver of the penalty if the denial of eligibility will cause undue hardship. With the written consent of the individual or the personal representative of the individual, a long-term care facility in which an individual is residing may file an undue hardship waiver request, on behalf of the individual who is denied eligibility for long-term care services on or after July 1, 2006, due to a period of ineligibility resulting from a transfer on or after February 8, 2006. In evaluating a waiver, the local agency shall take into account whether the individual was the victim of financial exploitation, whether the individual has made reasonable efforts to recover the transferred property or resource, whether the individual has taken any action to prevent the designation of the department as a remainder beneficiary on an annuity as described in section 256B.056, subdivision 11, and other factors relevant to a determination of hardship. If the local agency does not approve a hardship waiver, the local agency shall issue a written notice to the individual stating the reasons for the denial and the process for appealing the local agency's decision. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of long-term care services granted within:

(i) 30 months of a transfer made on or before August 10, 1993;

(ii) 60 months of a transfer if the assets were transferred after August 30, 1993, to a trust or portion of a trust that is considered a transfer of assets under federal law; or

(iii) 36 months of a transfer if transferred in any other manner after August 10, 1993, but prior to February 8, 2006; or

(iv) 60 months of any transfer made on or after February 8, 2006,

or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action shall be brought by the state unless the state delegates this responsibility to the local agency responsible for providing medical assistance under this chapter; or

(6) for transfers occurring after August 10, 1993, the assets were transferred by the person or person's spouse: (i) into a trust established for the sole benefit of a son or daughter of any age who is blind or disabled as defined by the Supplemental Security Income program; or (ii) into a trust established for the sole benefit of

an individual who is under 65 years of age who is disabled as defined by the Supplemental Security Income program.

"For the sole benefit of" has the meaning found in section 256B.059, subdivision 1.

Sec. 34. Minnesota Statutes 2005 Supplement, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

- (1) admitted for lawful permanent residence according to United States Code, title 8;
- (2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;
- (3) granted asylum according to United States Code, title 8, section 1158;
- (4) granted withholding of deportation according to United States Code, title 8, section 1253(h);
- (5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);
- (6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);
- (7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;

(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or

(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

(d) All qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation through November 30, 1996.

Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

- (i) refugees admitted to the United States according to United States Code, title 8, section 1157;
- (ii) persons granted asylum according to United States Code, title 8, section 1158;
- (iii) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);
- (iv) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or

(v) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

Beginning December 1, 1996, qualified noncitizens who do not meet one of the criteria in items (i) to (v) are eligible for medical assistance without federal financial participation as described in paragraph (j).

(e) Noncitizens who are not qualified noncitizens as defined in paragraph (b), who are lawfully residing in the United States and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance under clauses (1) to (3). These individuals must cooperate with the Immigration and Naturalization Service to pursue any applicable immigration status, including citizenship, that would qualify them for medical assistance with federal financial participation.

(1) Persons who were medical assistance recipients on August 22, 1996, are eligible for medical assistance with federal financial participation through December 31, 1996.

(2) Beginning January 1, 1997, persons described in clause (1) are eligible for medical assistance without federal financial participation as described in paragraph (j).

(3) Beginning December 1, 1996, persons residing in the United States prior to August 22, 1996, who were not receiving medical assistance and persons who arrived on or after August 22, 1996, are eligible for medical assistance without federal financial participation as described in paragraph (j).

(f) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs (g) to (i). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

(g) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition, except for organ transplants and related care and services and routine prenatal care.

(h) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

(i) Pregnant noncitizens who are undocumented, nonimmigrants, or eligible for medical assistance as described in paragraph (j), and who are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program, followed by 60 days postpartum without federal financial participation.

(j) Qualified noncitizens as described in paragraph (d), and all other noncitizens lawfully residing in the United States as described in paragraph (e), who are ineligible for medical assistance with federal financial participation and who otherwise meet the eligibility requirements of chapter 256B and of this paragraph, are eligible for medical assistance without federal financial participation. Qualified noncitizens as described in paragraph (d) are only eligible for medical assistance without federal financial participation for five years from their date of entry into the United States.

(k) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 35. Minnesota Statutes 2004, section 256L.04, subdivision 10, is amended to read:

Subd. 10. **Citizenship requirements.** Eligibility for MinnesotaCare is limited to citizens or nationals of the United States, qualified noncitizens, and other persons residing lawfully in the United States as described in section 256B.06, subdivision 4, paragraphs (a) to (e) and (j). Undocumented noncitizens and nonimmigrants are ineligible for MinnesotaCare. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service. Families with children who are citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 36. **DESIGNATION OF ASSETS AS CONTINGENTLY EXEMPT UNDER LONG-TERM CARE PARTNERSHIP PROGRAM.**

The commissioner of human services shall develop and present to the legislature by December 15, 2006, a plan and draft legislation to allow individuals participating in the long-term care partnership program established under Minnesota Statutes, section 256B.0571, to designate, at the time of initial application for medical assistance, assets as contingently exempt. The full fair market value of assets designated as contingently exempt must not exceed a percentage, specified by the commissioner, of the full fair market value of assets designated as protected under Minnesota Statutes, section 256B.0571, subdivision 9. The commissioner may specify different percentages for different categories of protected assets. Assets designated as contingently exempt shall be disregarded for purposes of determining eligibility for payment of long-term care services. If the dollar amount of benefits utilized under a partnership policy is greater than the full fair market value of all assets protected due to a decrease in the value of the protected assets, the plan and draft legislation must allow the individual or the personal representative to designate assets that are contingently exempt as protected, up to the amount of the decrease in value of the protected assets. The plan and draft legislation must provide that any contingently exempt asset that is not designated as protected be subject to recovery.

Sec. 37. **REPEALER.**

Minnesota Statutes 2005 Supplement, section 256B.0571, subdivisions 2, 5, and 11, are repealed.

ARTICLE 18

CHILDREN AND FAMILIES FEDERAL COMPLIANCE

Section 1. Minnesota Statutes 2004, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

~~Beginning (a) Until October 1, 2001, and each year thereafter 2006,~~ the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5.

(b) Beginning October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state's maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.

Sec. 2. Minnesota Statutes 2004, section 256J.626, subdivision 2, is amended to read:

Subd. 2. **Allowable expenditures.** (a) The commissioner must restrict expenditures under the consolidated fund to benefits and services allowed under title IV-A of the federal Social Security Act. Allowable expenditures under the consolidated fund may include, but are not limited to:

(1) short-term, nonrecurring shelter and utility needs that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31, for families who meet the residency requirement in section 256J.12, subdivisions 1 and 1a. Payments under this subdivision are not considered TANF cash assistance and are not counted towards the 60-month time limit;

(2) transportation needed to obtain or retain employment or to participate in other approved work activities;

(3) direct and administrative costs of staff to deliver employment services for MFIP or the diversionary work program, to administer financial assistance, and to provide specialized services intended to assist hard-to-employ participants to transition to work;

(4) costs of education and training including functional work literacy and English as a second language;

(5) cost of work supports including tools, clothing, boots, and other work-related expenses;

(6) county administrative expenses as defined in Code of Federal Regulations, title 45, section 260(b);

(7) services to parenting and pregnant teens;

(8) supported work;

(9) wage subsidies;

(10) child care needed for MFIP or diversionary work program participants to participate in social services;

(11) child care to ensure that families leaving MFIP or diversionary work program will continue to receive child care assistance from the time the family no longer qualifies for transition year child care until an opening occurs under the basic sliding fee child care program; and

(12) services to help noncustodial parents who live in Minnesota and have minor children receiving MFIP or DWP assistance, but do not live in the same household as the child, obtain or retain employment.

(b) Administrative costs that are not matched with county funds as provided in subdivision 8 may not exceed 7.5 percent of a county's or 15 percent of a tribe's allocation under this section. The commissioner shall define administrative costs for purposes of this subdivision.

(c) The commissioner may waive the cap on administrative costs for a county or tribe that elects to provide an approved supported employment, unpaid work, or community work experience program for a major segment of the county's or tribe's MFIP population. The county or tribe must apply for the waiver on forms provided by the commissioner. In no case shall total administrative costs exceed the TANF limits.

Sec. 3. Minnesota Statutes 2004, section 518.551, subdivision 7, is amended to read:

Subd. 7. **Fees ~~and cost recovery fees~~ for IV-D services.** (a) When a recipient of IV-D services is no longer receiving assistance under the state's title IV-A, IV-E foster care, medical assistance, or MinnesotaCare programs, the public authority responsible for child support enforcement must notify the recipient, within five working days of the notification of ineligibility, that IV-D services will be continued unless the public authority is notified to the contrary by the recipient. The notice must include the implications of continuing to receive IV-D services, including the available services and fees, cost recovery fees, and distribution policies relating to fees.

(b) An application fee of \$25 shall be paid by the person who applies for child support and maintenance collection services, except persons who are receiving public assistance as defined in section 256.741 and, ~~if enacted,~~ the diversionary work program under section 256J.95, persons who transfer from public assistance to nonpublic assistance status, and minor parents and parents enrolled in a public secondary school, area learning center, or alternative learning program approved by the commissioner of education.

(c) In the case of an individual who has never received assistance under a state program funded under Title IV-A of the Social Security Act and for whom the public authority has collected at least \$500 of support, the public authority must impose an annual federal collections fee of \$25 for each case in which services are furnished. This fee must be retained by the public authority from support collected on behalf of the individual, but not from the first \$500 collected.

~~(d)~~ (d) When the public authority provides full IV-D services to an obligee who has applied for those services, upon written notice to the obligee, the public authority must charge a cost recovery fee of one percent of the amount collected. This fee must be deducted from the amount of the child support and maintenance collected and not assigned under section 256.741 before disbursement to the obligee. This fee does not apply to an obligee who:

(1) is currently receiving assistance under the state's title IV-A, IV-E foster care, medical assistance, or MinnesotaCare programs; or

(2) has received assistance under the state's title IV-A or IV-E foster care programs, until the person has not received this assistance for 24 consecutive months.

~~(e)~~ (e) When the public authority provides full IV-D services to an obligor who has applied for such services, upon written notice to the obligor, the public authority must charge a cost recovery fee of one percent of the monthly court-ordered child support and maintenance obligation. The fee may be collected through income withholding, as well as by any other enforcement remedy available to the public authority responsible for child support enforcement.

~~(f)~~ (f) Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided. The public authority upon written notice to the obligee shall assess a fee of \$25 to the person not receiving public assistance for each successful federal tax interception. The fee must be withheld prior to the release of the funds received from each interception and deposited in the general fund.

~~(g)~~ (g) Federal collections fees collected under paragraph (c) and cost recovery fees collected under paragraphs ~~(c)~~ and (d) and (e) shall be considered child support program income according to Code of Federal Regulations, title 45, section 304.50, and shall be deposited in the ~~cost recovery fee~~ special revenue fund account established under paragraph ~~(h)~~ (i). The commissioner of human services must elect to recover costs based on either actual or standardized costs.

~~(h)~~ (h) The limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and

Title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

~~(h)~~ (i) The commissioner of human services is authorized to establish a special revenue fund account to receive ~~child support~~ the federal collections fees collected under paragraph (c) and cost recovery fees collected under paragraphs (d) and (e). A portion of the nonfederal share of these fees may be retained for expenditures necessary to administer the ~~fee fees~~ and must be transferred to the child support system special revenue account. The remaining nonfederal share of the federal collections fees and cost recovery fee fees must be retained by the commissioner and dedicated to the child support general fund county performance-based grant account authorized under sections 256.979 and 256.9791.

EFFECTIVE DATE. This section is effective October 1, 2006, or later, if the commissioner determines that a later implementation will not result in federal financial penalties.

ARTICLE 19 ASSISTED LIVING

Section 1. **[144A.441] ASSISTED LIVING BILL OF RIGHTS ADDENDUM.**

Assisted living clients, as defined in section 144G.01, subdivision 3, shall be provided with the home care bill of rights required by section 144A.44, except that the home care bill of rights provided to these clients must include the following provision in place of the provision in section 144A.44, subdivision 1, clause (16):

"(16) the right to reasonable, advance notice of changes in services or charges, including at least 30 days' advance notice of the termination of a service by a provider, except in cases where:

(i) the recipient of services engages in conduct that alters the conditions of employment as specified in the employment contract between the home care provider and the individual providing home care services, or creates an abusive or unsafe work environment for the individual providing home care services;

(ii) an emergency for the informal caregiver or a significant change in the recipient's condition has resulted in service needs that exceed the current service provider agreement and that cannot be safely met by the home care provider; or

(iii) the provider has not received payment for services, for which at least ten days' advance notice of the termination of a service shall be provided."

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 2. **[144A.442] TERMINATION OF HOME CARE SERVICES FOR ASSISTED LIVING CLIENTS.**

If an arranged home care provider, as defined in section 144D.01, subdivision 2a, who is not also Medicare certified terminates a service agreement or service plan with an assisted living client, as defined in section 144G.01, subdivision 3, the home care provider shall provide the assisted living client and the legal or designated representatives of the client, if any, with a written notice of termination which includes the following information:

(1) the effective date of termination;

(2) the reason for termination;

(3) without extending the termination notice period, an affirmative offer to meet with the assisted living client or client representatives within no more than five business days of the date of the termination notice to discuss the termination;

(4) contact information for a reasonable number of other home care providers in the geographic area of the assisted living client, as required by Minnesota Rules, part 4668.0050;

(5) a statement that the provider will participate in a coordinated transfer of the care of the client to another provider or caregiver, as required by section 144A.44, subdivision 1, clause (17);

(6) the name and contact information of a representative of the home care provider with whom the client may discuss the notice of termination;

(7) a copy of the home care bill of rights; and

(8) a statement that the notice of termination of home care services by the home care provider does not constitute notice of termination of the housing with services contract with a housing with services establishment.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 3. Minnesota Statutes 2004, section 144A.4605, is amended to read:

144A.4605 ~~ASSISTED LIVING HOME CARE CLASS F PROVIDER.~~

Subdivision 1. **Definitions.** For purposes of this section, the term "~~assisted living class F~~ home care provider" means a home care provider who provides nursing services, delegated nursing services, other services performed by unlicensed personnel, or central storage of medications solely for residents of one or more housing with services establishments registered under chapter 144D.

Subd. 2. **~~Assisted living Class F home care license established.~~** A home care provider license category entitled ~~assisted living class F~~ home care provider is hereby established. A home care provider may obtain ~~an assisted living a class F~~ license if the program meets the following requirements:

(a) nursing services, delegated nursing services, other services performed by unlicensed personnel, or central storage of medications under the ~~assisted living class F~~ license are provided solely for residents of one or more housing with services establishments registered under chapter 144D;

(b) unlicensed personnel perform home health aide and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2, and 4668.0110, subpart 1. Qualifications to perform these tasks shall be established in accordance with subdivision 3;

(c) periodic supervision of unlicensed personnel is provided as required by rule;

(d) notwithstanding Minnesota Rules, part 4668.0160, subpart 6, item D, client records shall include:

(1) daily records or a weekly summary of home care services provided;

(2) documentation each time medications are administered to a client; and

(3) documentation on the day of occurrence of any significant change in the client's status or any significant incident, such as a fall or refusal to take medications.

All entries must be signed by the staff providing the services and entered into the record no later than two weeks after the end of the service day, except as specified in clauses (2) and (3);

(e) medication and treatment orders, if any, are included in the client record and are renewed at least every 12 months, or more frequently when indicated by a clinical assessment;

(f) the central storage of medications in a housing with services establishment registered under chapter 144D is managed under a system that is established by a registered nurse and addresses the control of medications, handling of medications, medication containers, medication records, and disposition of medications; and

(g) in other respects meets the requirements established by rules adopted under sections 144A.45 to 144A.47.

Subd. 3. **Training or competency evaluations required.** (a) Unlicensed personnel must:

(1) satisfy the training or competency requirements established by rule under sections 144A.45 to 144A.47; or

(2) be trained or determined competent by a registered nurse in each task identified under Minnesota Rules, part 4668.0100, subparts 1 and 2, when offered to clients in a housing with services establishment as described in paragraphs (b) to (e).

(b) Training for tasks identified under Minnesota Rules, part 4668.0100, subparts 1 and 2, shall use a curriculum which meets the requirements in Minnesota Rules, part 4668.0130.

(c) Competency evaluations for tasks identified under Minnesota Rules, part 4668.0100, subparts 1 and 2, must be completed and documented by a registered nurse.

(d) Unlicensed personnel performing tasks identified under Minnesota Rules, part 4668.0100, subparts 1 and 2, shall be trained or demonstrate competency in the following topics:

(1) an overview of sections 144A.43 to 144A.47 and rules adopted thereunder;

(2) recognition and handling of emergencies and use of emergency services;

(3) reporting the maltreatment of vulnerable minors or adults under sections 626.556 and 626.557;

(4) home care bill of rights;

(5) handling of clients' complaints and reporting of complaints to the Office of Health Facility Complaints;

(6) services of the ombudsman for older Minnesotans;

(7) observation, reporting, and documentation of client status and of the care or services provided;

(8) basic infection control;

(9) maintenance of a clean, safe, and healthy environment;

(10) communication skills;

(11) basic elements of body functioning and changes in body function that must be reported to an appropriate health care professional; and

(12) physical, emotional, and developmental needs of clients, and ways to work with clients who have problems in these areas, including respect for the client, the client's property, and the client's family.

(e) Unlicensed personnel who administer medications must comply with rules relating to the administration of medications in Minnesota Rules, part 4668.0100, subpart 2, except that unlicensed personnel need not comply with the requirements of Minnesota Rules, part 4668.0100, subpart 5.

Subd. 4. **License required.** (a) A housing with services establishment registered under chapter 144D that is required to obtain a home care license must obtain ~~an assisted living~~ a class F home care license according to this section or a class A or class ~~E~~ B license according to rule. A housing with services

establishment that obtains a class ~~F~~ B license under this subdivision remains subject to the payment limitations in sections 256B.0913, subdivision 5f, paragraph (b), and 256B.0915, subdivision 3d.

(b) A board and lodging establishment registered for special services as of December 31, 1996, and also registered as a housing with services establishment under chapter 144D, must deliver home care services according to sections 144A.43 to 144A.47, and may apply for a waiver from requirements under Minnesota Rules, parts 4668.0002 to 4668.0240, to operate a licensed agency under the standards of section 157.17. Such waivers as may be granted by the department will expire upon promulgation of home care rules implementing section 144A.4605.

~~(c) An adult foster care provider licensed by the Department of Human Services and registered under chapter 144D may continue to provide health-related services under its foster care license until the promulgation of home care rules implementing this section.~~

~~(d) An assisted living~~ (c) A class F home care provider licensed under this section must comply with the disclosure provisions of section 325F.72 to the extent they are applicable.

Subd. 5. **License fees.** The license fees for ~~assisted living~~ class F home care providers shall be as follows:

- (1) \$125 annually for those providers serving a monthly average of 15 or fewer clients, and for ~~assisted living~~ class F providers of all sizes during the first year of operation;
- (2) \$200 annually for those providers serving a monthly average of 16 to 30 clients;
- (3) \$375 annually for those providers serving a monthly average of 31 to 50 clients; and
- (4) \$625 annually for those providers serving a monthly average of 51 or more clients.

Subd. 6. **Waiver.** Upon request of the home care provider, the commissioner may waive the provisions of this section relating to registered nurse duties.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 4. Minnesota Statutes 2004, section 144D.01, is amended by adding a subdivision to read:

Subd. 2a. **Arranged home care provider.** "Arranged home care provider" means a home care provider licensed under Minnesota Rules, chapter 4668, that provides services to some or all of the residents of a housing with services establishment and that is either the establishment itself or another entity with which the establishment has an arrangement.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 5. Minnesota Statutes 2004, section 144D.015, is amended to read:

144D.015 ASSISTED LIVING FACILITY OR ASSISTED LIVING RESIDENCE DEFINITION FOR PURPOSES OF LONG-TERM CARE INSURANCE.

For purposes of consistency with terminology commonly used in long-term care insurance policies and notwithstanding chapter 144G, a housing with services establishment that is registered under section 144D.03 and that holds, or ~~contracts~~ makes arrangements with an individual or entity that holds, ~~a~~ any type of home care license and all other licenses, permits, registrations, or other governmental approvals legally required for delivery of the services the establishment offers or provides to its residents, constitutes an "assisted living facility" or "assisted living residence."

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 6. Minnesota Statutes 2004, section 144D.02, is amended to read:

144D.02 REGISTRATION REQUIRED.

No entity may establish, operate, conduct, or maintain ~~an elderly~~ a housing with services establishment in this state without registering and operating as required in sections 144D.01 to 144D.06.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 7. Minnesota Statutes 2004, section 144D.03, is amended by adding a subdivision to read:

Subd. 1a. Surcharge for injunctive relief actions. The commissioner shall assess each housing with services establishment that offers or provides assisted living under chapter 144G a surcharge on the annual registration fee paid under subdivision 1, to pay for the commissioner's costs related to bringing actions for injunctive relief under section 144G.02, subdivision 2, paragraph (b), on or after July 1, 2007. The commissioner shall assess surcharges using a sliding scale under which the surcharge amount increases with the client capacity of an establishment. The commissioner shall adjust the surcharge as necessary to recover the projected costs of bringing actions for injunctive relief. The commissioner shall adjust the surcharge in accordance with section 16A.1285.

EFFECTIVE DATE. This section is effective for annual registrations submitted on or after July 1, 2007.

Sec. 8. Minnesota Statutes 2004, section 144D.03, subdivision 2, is amended to read:

Subd. 2. Registration information. The establishment shall provide the following information to the commissioner in order to be registered:

- (1) the business name, street address, and mailing address of the establishment;
- (2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners are not natural persons, identification of the type of business entity of the owner or owners, and the names and addresses of the officers and members of the governing body, or comparable persons for partnerships, limited liability corporations, or other types of business organizations of the owner or owners;
- (3) the name and mailing address of the managing agent, whether through management agreement or lease agreement, of the establishment, if different from the owner or owners, and the name of the on-site manager, if any;
- (4) verification that the establishment has entered into ~~an elderly~~ a housing with services contract, as required in section 144D.04, with each resident or resident's representative;
- (5) verification that the establishment is complying with the requirements of section 325F.72, if applicable;
- (6) the name and address of at least one natural person who shall be responsible for dealing with the commissioner on all matters provided for in sections 144D.01 to 144D.06, and on whom personal service of all notices and orders shall be made, and who shall be authorized to accept service on behalf of the owner or owners and the managing agent, if any; and
- (7) the signature of the authorized representative of the owner or owners or, if the owner or owners are not natural persons, signatures of at least two authorized representatives of each owner, one of which shall be an officer of the owner.

Personal service on the person identified under clause (6) by the owner or owners in the registration shall be considered service on the owner or owners, and it shall not be a defense to any action that personal

service was not made on each individual or entity. The designation of one or more individuals under this subdivision shall not affect the legal responsibility of the owner or owners under sections 144D.01 to 144D.06.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 9. Minnesota Statutes 2004, section 144D.04, is amended to read:

144D.04 ~~ELDERLY~~ HOUSING WITH SERVICES CONTRACTS.

Subdivision 1. **Contract required.** No ~~elderly~~ housing with services establishment may operate in this state unless a written ~~elderly~~ housing with services contract, as defined in subdivision 2, is executed between the establishment and each resident or resident's representative and unless the establishment operates in accordance with the terms of the contract. The resident or the resident's representative shall be given a complete copy of the contract and all supporting documents and attachments and any changes whenever changes are made.

Subd. 2. **Contents of contract.** ~~An elderly~~ A housing with services contract, which need not be entitled as such to comply with this section, shall include at least the following elements in itself or through supporting documents or attachments:

- (1) the name, street address, and mailing address of the establishment;
- (2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners is not a natural person, identification of the type of business entity of the owner or owners;
- (3) the name and mailing address of the managing agent, through management agreement or lease agreement, of the establishment, if different from the owner or owners;
- (4) the name and address of at least one natural person who is authorized to accept service of process on behalf of the owner or owners and managing agent;
- (5) a statement describing the registration and licensure status of the establishment and any provider providing health-related or supportive services under an arrangement with the establishment;
- (6) the term of the contract;
- (7) a description of the services to be provided to the resident in the base rate to be paid by resident;
- (8) a description of any additional services, including home care services, available for an additional fee from the establishment directly or through arrangements with the establishment, and a schedule of fees charged for these services;
- ~~(9) fee schedules outlining the cost of any additional services;~~
- ~~(10)~~ (9) a description of the process through which the contract may be modified, amended, or terminated;
- ~~(11)~~ (10) a description of the establishment's complaint resolution process available to residents including the toll-free complaint line for the Office of Ombudsman for Older Minnesotans;
- ~~(12)~~ (11) the resident's designated representative, if any;
- ~~(13)~~ (12) the establishment's referral procedures if the contract is terminated;
- ~~(14)~~ criteria (13) requirements of residency used by the establishment to determine who may reside or continue to reside in the ~~elderly~~ housing with services establishment;
- ~~(15)~~ (14) billing and payment procedures and requirements;

~~(16)~~ (15) a statement regarding the ability of residents to receive services from service providers with whom the establishment does not have an arrangement; ~~and~~

~~(17)~~ (16) a statement regarding the availability of public funds for payment for residence or services in the establishment; and

(17) a statement regarding the availability of and contact information for long- term care consultation services under section 256B.0911 in the county in which the establishment is located.

Subd. 3. **Contracts in permanent files.** ~~Elderly~~ Housing with services contracts and related documents executed by each resident or resident's representative shall be maintained by the establishment in files from the date of execution until three years after the contract is terminated. The contracts and the written disclosures required under section 325F.72, if applicable, shall be made available for on-site inspection by the commissioner upon request at any time.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 10. **[144D.045] INFORMATION CONCERNING ARRANGED HOME CARE PROVIDERS.**

If a housing with services establishment has one or more arranged home care providers, the establishment shall arrange to have that arranged home care provider deliver the following information in writing to a prospective resident, prior to the date on which the prospective resident executes a contract with the establishment or the prospective resident's move-in date, whichever is earlier:

(1) the name, mailing address, and telephone number of the arranged home care provider;

(2) the name and mailing address of at least one natural person who is authorized to accept service of process on behalf of the entity described in clause (1);

(3) a description of the process through which a home care service agreement or service plan between a resident and the arranged home care provider, if any, may be modified, amended, or terminated;

(4) the arranged home care provider's billing and payment procedures and requirements; and

(5) any limits to the services available from the arranged provider.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 11. Minnesota Statutes 2004, section 144D.05, is amended to read:

144D.05 AUTHORITY OF COMMISSIONER.

The commissioner shall, upon receipt of information which may indicate the failure of the ~~elderly~~ housing with services establishment, a resident, a resident's representative, or a service provider to comply with a legal requirement to which one or more of them may be subject, make appropriate referrals to other governmental agencies and entities having jurisdiction over the subject matter. The commissioner may also make referrals to any public or private agency the commissioner considers available for appropriate assistance to those involved.

The commissioner shall have standing to bring an action for injunctive relief in the district court in the district in which an establishment is located to compel the ~~elderly~~ housing with services establishment to meet the requirements of this chapter or other requirements of the state or of any county or local governmental unit to which the establishment is otherwise subject. Proceedings for securing an injunction may be brought by the commissioner through the attorney general or through the appropriate county attorney. The sanctions in this section do not restrict the availability of other sanctions.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 12. Minnesota Statutes 2004, section 144D.065, is amended to read:

144D.065 ESTABLISHMENTS THAT SERVE PERSONS WITH ALZHEIMER'S DISEASE OR RELATED DISORDERS.

(a) If a housing with services establishment registered under this chapter markets or otherwise promotes services for persons with Alzheimer's disease or related disorders, whether in a segregated or general unit, the ~~facility's~~ establishment's direct care staff and their supervisors must be trained in dementia care.

(b) Areas of required training include:

- (1) an explanation of Alzheimer's disease and related disorders;
- (2) assistance with activities of daily living;
- (3) problem solving with challenging behaviors; and
- (4) communication skills.

(c) The establishment shall provide to consumers in written or electronic form a description of the training program, the categories of employees trained, the frequency of training, and the basic topics covered. This information satisfies the disclosure requirements of section 325F.72, subdivision 2, clause (4).

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 13. **[144G.01] DEFINITIONS.**

Subdivision 1. Scope; other definitions. For purposes of sections 144G.01 to 144G.05, the following definitions apply. In addition, the definitions provided in section 144D.01 also apply to sections 144G.01 to 144G.05.

Subd. 2. Assisted living. "Assisted living" means a service or package of services advertised, marketed, or otherwise described, offered, or promoted using the phrase "assisted living" either alone or in combination with other words, whether orally or in writing, and which is subject to the requirements of this chapter.

Subd. 3. Assisted living client. "Assisted living client" or "client" means a housing with services resident who receives assisted living that is subject to the requirements of this chapter.

Subd. 4. Commissioner. "Commissioner" means the commissioner of health.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 14. **[144G.02] ASSISTED LIVING; PROTECTED TITLE; RESTRICTION ON USE; REGULATORY FUNCTIONS.**

Subdivision 1. Protected title; restriction on use. No person or entity may use the phrase "assisted living," whether alone or in combination with other words and whether orally or in writing, to advertise, market, or otherwise describe, offer, or promote itself, or any housing, service, service package, or program that it provides within this state, unless the person or entity is a housing with services establishment that meets the requirements of this chapter, or is a person or entity that provides some or all components of assisted living that meet the requirements of this chapter. A person or entity entitled to use the phrase "assisted living" shall use the phrase only in the context of its participation in assisted living that meets the requirements of this chapter. A housing with services establishment offering or providing assisted living

that is not made available to residents in all of its housing units shall identify the number or location of the units in which assisted living is available, and may not use the term "assisted living" in the name of the establishment registered with the commissioner under chapter 144D, or in the name the establishment uses to identify itself to residents or the public.

Subd. 2. **Authority of commissioner.** (a) The commissioner, upon receipt of information that may indicate the failure of a housing with services establishment, the arranged home care provider, an assisted living client, or an assisted living client's representative to comply with a legal requirement to which one or more of the entities may be subject, shall make appropriate referrals to other governmental agencies and entities having jurisdiction over the subject matter. The commissioner may also make referrals to any public or private agency the commissioner considers available for appropriate assistance to those involved.

(b) In addition to the authority with respect to licensed home care providers under sections 144A.45 and 144A.46 and with respect to housing with services establishments under chapter 144D, the commissioner shall have standing to bring an action for injunctive relief in the district court in the district in which a housing with services establishment is located to compel the housing with services establishment or the arranged home care provider to meet the requirements of this chapter or other requirements of the state or of any county or local governmental unit to which the establishment or arranged home care provider is otherwise subject. Proceedings for securing an injunction may be brought by the commissioner through the attorney general or through the appropriate county attorney. The sanctions in this section do not restrict the availability of other sanctions.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 15. [144G.03] ASSISTED LIVING REQUIREMENTS.

Subdivision 1. **Verification in annual registration.** A registered housing with services establishment using the phrase "assisted living," pursuant to section 144G.02, subdivision 1, shall verify to the commissioner in its annual registration pursuant to chapter 144D that the establishment is complying with sections 144G.01 to 144G.05, as applicable.

Subd. 2. **Minimum requirements for assisted living.** (a) Assisted living shall be provided or made available only to individuals residing in a registered housing with services establishment. Except as expressly stated in this chapter, a person or entity offering assisted living may define the available services and may offer assisted living to all or some of the residents of a housing with services establishment. The services that comprise assisted living may be provided or made available directly by a housing with services establishment or by persons or entities with which the housing with services establishment has made arrangements.

(b) A person or entity entitled to use the phrase "assisted living," according to section 144G.02, subdivision 1, shall do so only with respect to a housing with services establishment, or a service, service package, or program available within a housing with services establishment that, at a minimum:

(1) provides or makes available health-related services under a class A or class F home care license. At a minimum, health-related services must include:

(i) assistance with self-administration of medication as defined in Minnesota Rules, part 4668.0003, subpart 2a, or medication administration as defined in Minnesota Rules, part 4668.0003, subpart 21a; and

(ii) assistance with at least three of the following seven activities of daily living: bathing, dressing, grooming, eating, transferring, continence care, and toileting.

All health-related services shall be provided in a manner that complies with applicable home care licensure requirements in chapter 144A, sections 148.171 to 148.285, and Minnesota Rules, chapter 4668;

(2) provides necessary assessments of the physical and cognitive needs of assisted living clients by a registered nurse, as required by applicable home care licensure requirements in chapter 144A, sections 148.171 to 148.285, and Minnesota Rules, chapter 4668;

(3) has and maintains a system for delegation of health care activities to unlicensed assistive health care personnel by a registered nurse, including supervision and evaluation of the delegated activities as required by applicable home care licensure requirements in chapter 144A, sections 148.171 to 148.285, and Minnesota Rules, chapter 4668;

(4) provides staff access to an on-call registered nurse 24 hours per day, seven days per week;

(5) has and maintains a system to check on each assisted living client at least daily;

(6) provides a means for assisted living clients to request assistance for health and safety needs 24 hours per day, seven days per week, from the establishment or a person or entity with which the establishment has made arrangements;

(7) has a person or persons available 24 hours per day, seven days per week, who is responsible for responding to the requests of assisted living clients for assistance with health or safety needs, who shall be:

(i) awake;

(ii) located in the same building, in an attached building, or on a contiguous campus with the housing with services establishment in order to respond within a reasonable amount of time;

(iii) capable of communicating with assisted living clients;

(iv) capable of recognizing the need for assistance;

(v) capable of providing either the assistance required or summoning the appropriate assistance; and

(vi) capable of following directions;

(8) offers to provide or make available at least the following supportive services to assisted living clients:

(i) two meals per day;

(ii) weekly housekeeping;

(iii) weekly laundry service;

(iv) upon the request of the client, reasonable assistance with arranging for transportation to medical and social services appointments, and the name of or other identifying information about the person or persons responsible for providing this assistance;

(v) upon the request of the client, reasonable assistance with accessing community resources and social services available in the community, and the name of or other identifying information about the person or persons responsible for providing this assistance; and

(vi) periodic opportunities for socialization; and

(9) makes available to all prospective and current assisted living clients information consistent with the uniform format and the required components adopted by the commissioner under section 144G.06. This information must be made available beginning no later than six months after the commissioner makes the uniform format and required components available to providers according to section 144G.06.

Subd. 3. **Exemption from awake-staff requirement.** (a) A housing with services establishment that offers or provides assisted living is exempt from the requirement in subdivision 2, paragraph (b), clause

(7), item (i), that the person or persons available and responsible for responding to requests for assistance must be awake, if the establishment meets the following requirements:

(1) the establishment has a maximum capacity to serve 12 or fewer assisted living clients;

(2) the person or persons available and responsible for responding to requests for assistance are physically present within the housing with services establishment in which the assisted living clients reside;

(3) the establishment has a system in place that is compatible with the health, safety, and welfare of the establishment's assisted living clients;

(4) the establishment's housing with services contract, as required by section 144D.04, includes a statement disclosing the establishment's qualification for, and intention to rely upon, this exemption;

(5) the establishment files with the commissioner, for purposes of public information but not review or approval by the commissioner, a statement describing how the establishment meets the conditions in clauses (1) to (4), and makes a copy of this statement available to actual and prospective assisted living clients; and

(6) the establishment indicates on its housing with services registration, under section 144D.02 or 144D.03, as applicable, that it qualifies for and intends to rely upon the exemption under this subdivision.

Subd. 4. Nursing assessment. (a) A housing with services establishment offering or providing assisted living shall:

(1) offer to have the arranged home care provider conduct a nursing assessment by a registered nurse of the physical and cognitive needs of the prospective resident and propose a service agreement or service plan prior to the date on which a prospective resident executes a contract with a housing with services establishment or the date on which a prospective resident moves in, whichever is earlier; and

(2) inform the prospective resident of the availability of and contact information for long-term care consultation services under section 256B.0911, prior to the date on which a prospective resident executes a contract with a housing with services establishment or the date on which a prospective resident moves in, whichever is earlier.

(b) An arranged home care provider is not obligated to conduct a nursing assessment by a registered nurse when requested by a prospective resident if either the geographic distance between the prospective resident and the provider, or urgent or unexpected circumstances, do not permit the assessment to be conducted prior to the date on which the prospective resident executes a contract or moves in, whichever is earlier. When such circumstances occur, the arranged home care provider shall offer to conduct a telephone conference whenever reasonably possible.

(c) The arranged home care provider shall comply with applicable home care licensure requirements in chapter 144A, sections 148.171 to 148.285, and Minnesota Rules, chapter 4668, with respect to the provision of a nursing assessment prior to the delivery of nursing services and the execution of a home care service plan or service agreement.

Subd. 5. Assistance with arranged home care provider. The housing with services establishment shall provide each assisted living client with identifying information about a person or persons reasonably available to assist the client with concerns the client may have with respect to the services provided by the arranged home care provider. The establishment shall keep each assisted living client reasonably informed of any changes in the personnel referenced in this subdivision. Upon request of the assisted living client, such personnel or designee shall provide reasonable assistance to the assisted living client in addressing concerns regarding services provided by the arranged home care provider.

Subd. 6. Termination of housing with services contract. If a housing with services establishment terminates a housing with services contract with an assisted living client, the establishment shall provide the

assisted living client, and the legal or designated representative of the assisted living client, if any, with a written notice of termination which includes the following information:

(1) the effective date of termination;

(2) the section of the contract that authorizes the termination;

(3) without extending the termination notice period, an affirmative offer to meet with the assisted living client and, if applicable, client representatives, within no more than five business days of the date of the termination notice to discuss the termination;

(4) an explanation that:

(i) the assisted living client must vacate the apartment, along with all personal possessions, on or before the effective date of termination;

(ii) failure to vacate the apartment by the date of termination may result in the filing of an eviction action in court by the establishment, and that the assisted living client may present a defense, if any, to the court at that time; and

(iii) the assisted living client may seek legal counsel in connection with the notice of termination;

(5) a statement that, with respect to the notice of termination, reasonable accommodation is available for the disability of the assisted living client, if any; and

(6) the name and contact information of the representative of the establishment with whom the assisted living client or client representatives may discuss the notice of termination.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 16. [144G.04] RESERVATION OF RIGHTS.

Subdivision 1. **Use of services.** Nothing in this chapter requires an assisted living client to utilize any service provided or made available in assisted living.

Subd. 2. **Housing with services contracts.** Nothing in this chapter requires a housing with services establishment to execute or refrain from terminating a housing with services contract with a prospective or current resident who is unable or unwilling to meet the requirements of residency, with or without assistance.

Subd. 3. **Provision of services.** Nothing in this chapter requires the arranged home care provider to offer or continue to provide services under a service agreement or service plan to a prospective or current resident of the establishment whose needs cannot be met by the arranged home care provider.

Subd. 4. **Altering operations; service packages.** Nothing in this chapter requires a housing with services establishment or arranged home care provider offering assisted living to fundamentally alter the nature of the operations of the establishment or the provider in order to accommodate the request or need for facilities or services by any assisted living client, or to refrain from requiring, as a condition of residency, that an assisted living client pay for a package of assisted living services even if the client does not choose to utilize all or some of the services in the package.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 17. [144G.05] REIMBURSEMENT UNDER ASSISTED LIVING SERVICE PACKAGES.

Notwithstanding the provisions of this chapter, the requirements for the Elderly Waiver program's assisted living payment rates under section 256B.0915, subdivision 3e, shall continue to be effective and providers who do not meet the requirements of this chapter may continue to receive payment under section

256B.0915, subdivision 3e, as long as they continue to meet the definitions and standards for assisted living and assisted living plus set forth in the federally approved Elderly Home and Community Based Services Waiver Program (Control Number 0025.91). Providers of assisted living for the Community Alternatives for Disabled Individuals (CADI) and Traumatic Brain Injury (TBI) waivers shall continue to receive payment as long as they continue to meet the definitions and standards for assisted living and assisted living plus set forth in the federally approved CADI and TBI waiver plans.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 18. **[144G.06] UNIFORM CONSUMER INFORMATION GUIDE.**

(a) The commissioner of health shall establish an advisory committee consisting of representatives of consumers, providers, county and state officials, and other groups the commissioner considers appropriate. The advisory committee shall present recommendations to the commissioner on:

(1) a format for a guide to be used by individual providers of assisted living, as defined in section 144G.01, that includes information about services offered by that provider, service costs, and other relevant provider-specific information, as well as a statement of philosophy and values associated with assisted living, presented in uniform categories that facilitate comparison with guides issued by other providers; and

(2) requirements for informing assisted living clients, as defined in section 144G.01, of their applicable legal rights.

(b) The commissioner, after reviewing the recommendations of the advisory committee, shall adopt a uniform format for the guide to be used by individual providers, and the required components of materials to be used by providers to inform assisted living clients of their legal rights, and shall make the uniform format and the required components available to assisted living providers.

Sec. 19. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall strike all references to the "Class E assisted living home care programs license," "Class E license," and similar terms in Minnesota Rules, chapters 4668 and 4669. In sections affected by this instruction, the revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.

(b) The revisor of statutes shall change the term "assisted living home care provider," "assisted living license," and similar terms to "Class F home care provider," "Class F license," and similar terms, in Minnesota Rules, chapter 4668. In sections affected by this instruction, the revisor may make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.

EFFECTIVE DATE. This section is effective January 1, 2007.

Sec. 20. **REPEALER.**

Minnesota Rules, part 4668.0215, is repealed effective January 1, 2007.

ARTICLE 20

LONG-TERM CARE

Section 1. Minnesota Statutes 2004, section 144.0724, subdivision 3, is amended to read:

Subd. 3. **Resident reimbursement classifications.** (a) Resident reimbursement classifications shall be based on the minimum data set, version 2.0 assessment instrument, or its successor version mandated

by the Centers for Medicare and Medicaid Services that nursing facilities are required to complete for all residents. The commissioner of health shall establish resident classes according to the 34 group, resource utilization groups, version III or RUG-III model. Resident classes must be established based on the individual items on the minimum data set and must be completed according to the facility manual for case mix classification issued by the Minnesota Department of Health. The facility manual for case mix classification shall be drafted by the Minnesota Department of Health and presented to the chairs of health and human services legislative committees by December 31, 2001.

(b) Each resident must be classified based on the information from the minimum data set according to general domains in clauses (1) to (7):

(1) extensive services where a resident requires intravenous feeding or medications, suctioning, or tracheostomy care, or is on a ventilator or respirator;

(2) rehabilitation where a resident requires physical, occupational, or speech therapy;

(3) special care where a resident has cerebral palsy; quadriplegia; multiple sclerosis; pressure ulcers; ulcers; fever with vomiting, weight loss, pneumonia, or dehydration; surgical wounds with treatment; or tube feeding and aphasia; or is receiving radiation therapy;

(4) clinically complex status where a resident has tube feeding, burns, coma, septicemia, pneumonia, internal bleeding, chemotherapy, dialysis, oxygen, transfusions, foot infections or lesions with treatment, ~~heiplegia/hemiparesis~~ hemiplegia/hemiparesis, physician visits or order changes, or diabetes with injections and order changes;

(5) impaired cognition where a resident has poor cognitive performance;

(6) behavior problems where a resident exhibits wandering or socially inappropriate or disruptive behavior, has hallucinations or delusions, is physically or verbally abusive toward others, or resists care, unless the resident's other condition would place the resident in other categories; and

(7) reduced physical functioning where a resident has no special clinical conditions.

(c) The commissioner of health shall establish resident classification according to a 34 group model based on the information on the minimum data set and within the general domains listed in paragraph (b), clauses (1) to (7). Detailed descriptions of each resource utilization group shall be defined in the facility manual for case mix classification issued by the Minnesota Department of Health. The 34 groups are described as follows:

(1) SE3: requires four or five extensive services;

(2) SE2: requires two or three extensive services;

(3) SE1: requires one extensive service;

(4) RAD: requires rehabilitation services and is dependent in activity of daily living (ADL) at a count of 17 or 18;

(5) RAC: requires rehabilitation services and ADL count is 14 to 16;

(6) RAB: requires rehabilitation services and ADL count is ten to 13;

(7) RAA: requires rehabilitation services and ADL count is four to nine;

(8) SSC: requires special care and ADL count is 17 or 18;

(9) SSB: requires special care and ADL count is 15 or 16;

(10) SSA: requires special care and ADL count is seven to 14;

- (11) CC2: clinically complex with depression and ADL count is 17 or 18;
 - (12) CC1: clinically complex with no depression and ADL count is 17 or 18;
 - (13) CB2: clinically complex with depression and ADL count is 12 to 16;
 - (14) CB1: clinically complex with no depression and ADL count is 12 to 16;
 - (15) CA2: clinically complex with depression and ADL count is four to 11;
 - (16) CA1: clinically complex with no depression and ADL count is four to 11;
 - (17) IB2: impaired cognition with nursing rehabilitation and ADL count is six to ten;
 - (18) IB1: impaired cognition with no nursing rehabilitation and ADL count is six to ten;
 - (19) IA2: impaired cognition with nursing rehabilitation and ADL count is four or five;
 - (20) IA1: impaired cognition with no nursing rehabilitation and ADL count is four or five;
 - (21) BB2: behavior problems with nursing rehabilitation and ADL count is six to ten;
 - (22) BB1: behavior problems with no nursing rehabilitation and ADL count is six to ten;
 - (23) BA2: behavior problems with nursing rehabilitation and ADL count is four to five;
 - (24) BA1: behavior problems with no nursing rehabilitation and ADL count is four to five;
 - (25) PE2: reduced physical functioning with nursing rehabilitation and ADL count is 16 to 18;
 - (26) PE1: reduced physical functioning with no nursing rehabilitation and ADL count is 16 to 18;
 - (27) PD2: reduced physical functioning with nursing rehabilitation and ADL count is 11 to 15;
 - (28) PD1: reduced physical functioning with no nursing rehabilitation and ADL count is 11 to 15;
 - (29) PC2: reduced physical functioning with nursing rehabilitation and ADL count is nine or ten;
 - (30) PC1: reduced physical functioning with no nursing rehabilitation and ADL count is nine or ten;
 - (31) PB2: reduced physical functioning with nursing rehabilitation and ADL count is six to eight;
 - (32) PB1: reduced physical functioning with no nursing rehabilitation and ADL count is six to eight;
 - (33) PA2: reduced physical functioning with nursing rehabilitation and ADL count is four or five;
- and
- (34) PA1: reduced physical functioning with no nursing rehabilitation and ADL count is four or five.

Sec. 2. Minnesota Statutes 2004, section 144.0724, subdivision 4, is amended to read:

Subd. 4. **Resident assessment schedule.** (a) A facility must conduct and electronically submit to the commissioner of health case mix assessments that conform with the assessment schedule defined by Code of Federal Regulations, title 42, section 483.20, and published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, in the Long Term Care Assessment Instrument User's Manual, version 2.0, October 1995, and subsequent clarifications made in the Long-Term Care Assessment Instrument Questions and Answers, version 2.0, August 1996. The commissioner of health may substitute successor manuals or question and answer documents published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, to replace or supplement the current version of the manual or document.

(b) The assessments used to determine a case mix classification for reimbursement include the following:

- (1) a new admission assessment must be completed by day 14 following admission;
- (2) an annual assessment must be completed within 366 days of the last comprehensive assessment;
- (3) a significant change assessment must be completed within 14 days of the identification of a significant change; and
- (4) the second quarterly assessment following either a new admission assessment, an annual assessment, or a significant change assessment, and all quarterly assessments beginning October 1, 2006. Each quarterly assessment must be completed within 92 days of the previous assessment.

Sec. 3. Minnesota Statutes 2005 Supplement, section 144A.071, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of sections 144A.071 to 144A.073, the following terms have the meanings given them:

- (a) "Attached fixtures" has the meaning given in Minnesota Rules, part 9549.0020, subpart 6.
- (b) "Buildings" has the meaning given in Minnesota Rules, part 9549.0020, subpart 7.
- (c) "Capital assets" has the meaning given in section 256B.421, subdivision 16.
- (d) "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 applied for.
- (e) "Completion date" means the date on which a certificate of occupancy clearance for the construction project is issued ~~for a construction project~~, or if a certificate of occupancy clearance for the construction project is not required, the date on which the construction project ~~is~~ assets are available for facility use.
- (f) "Construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules.
- (g) "Construction project" means:
 - (1) a capital asset addition to, or replacement of a nursing home or certified boarding care home that results in new space or the remodeling of or renovations to existing facility space; and
 - (2) the remodeling or renovation of existing facility space the use of which is modified as a result of the project described in clause (1). This existing space and the project described in clause (1) must be used for the functions as designated on the construction plans on completion of the project described in clause (1) for a period of not less than 24 months.
- (h) "Depreciation guidelines" means the most recent publication of "The Estimated Useful Lives of Depreciable Hospital Assets," issued by the American Hospital Association, 840 North Lake Shore Drive, Chicago, Illinois, 60611.
- (i) "New licensed" or "new certified beds" means:
 - (1) newly constructed beds in a facility or the construction of a new facility that would increase the total number of licensed nursing home beds or certified boarding care or nursing home beds in the state; or
 - (2) newly licensed nursing home beds or newly certified boarding care or nursing home beds that result from remodeling of the facility that involves relocation of beds but does not result in an increase in the total number of beds, except when the project involves the upgrade of boarding care beds to nursing home beds, as defined in section 144A.073, subdivision 1. "Remodeling" includes any of the type of conversion, renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1.

(j) "Project construction costs" means the cost of the following items that have a completion date within 12 months before or after the completion date of the project described in item (g), clause (1):

- (1) facility capital asset additions;
- (2) replacements;
- (3) renovations;
- (4) remodeling projects;
- (5) construction site preparation costs;
- (6) related soft costs; and

(7) the cost of new technology implemented as part of the construction project and depreciable equipment directly identified to the project, if the construction costs for clauses (1) to (6) exceed the threshold for additions and replacements stated in section 256B.431, subdivision 16. Technology and depreciable equipment shall be included in the project construction costs unless a written election is made by the facility, to not include it in the facility's appraised value for purposes of Minnesota Rules, part 9549.0020, subpart 5. Debt incurred for purchase of technology and depreciable equipment shall be included as allowable debt for purposes of Minnesota Rules, part 9549.0060, subpart 5, items A and C, unless the written election is to not include it. Any new technology and depreciable equipment included in the project construction costs that the facility elects not to include in its appraised value and allowable debt shall be treated as provided in section 256B.431, subdivision 17, paragraph (b). Written election under this paragraph must be included in the facility's request for the rate change related to the project, and this election may not be changed.

(k) "Technology" means information systems or devices that make documentation, charting, and staff time more efficient or encourage and allow for care through alternative settings including, but not limited to, touch screens, monitors, hand-helds, swipe cards, motion detectors, pagers, telemedicine, medication dispensers, and equipment to monitor vital signs and self-injections, and to observe skin and other conditions.

Sec. 4. Minnesota Statutes 2004, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. **Exceptions for replacement beds.** It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged 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;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;

(v) 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; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) 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 \$1,000,000;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) 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;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed \$1,000,000. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. 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 transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, 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 new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility acquired by the Minneapolis Community Development Agency as part of redevelopment activities in a city of the first class, provided the new facility is located within three miles of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under section 256B.431 or 256B.434;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed \$1,000,000;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1998;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass County and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (c). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey County; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(r) to license and certify up to 117 beds that are relocated from a licensed and certified 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds located in South St. Paul, provided that the nursing facility and hospital are owned by the same or a related organization and that prior to the date the relocation is completed the hospital ceases operation of its inpatient hospital services at that hospital. After relocation, the nursing facility's status under section 256B.431, subdivision 2j, shall be the same as it was prior to relocation. The nursing facility's property-related payment rate resulting from the project authorized in this paragraph shall become effective no earlier than April 1, 1996. For purposes of calculating the incremental change in the facility's rental per diem resulting from this project, the allowable appraised value of the nursing facility portion of the existing health care facility physical plant prior to the renovation and relocation may not exceed \$2,490,000;

(s) to license and certify two beds in a facility to replace beds that were voluntarily delicensed and decertified on June 28, 1991;

(t) to allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home facility after completion of a construction project approved in 1993 under section 144A.073, to be laid away upon 30 days' prior written notice to the commissioner. Beds on layaway status shall have the same status as voluntarily delicensed or decertified beds except that they shall remain subject to the surcharge in section 256.9657. The 16 beds on layaway status may be relicensed as nursing home beds and recertified at any time within five years of the effective date of the layaway upon relocation of some or all of the beds to a licensed and certified facility located in Watertown, provided that the total project construction costs related to the relocation of beds from layaway status for the Watertown facility may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.

The property-related payment rate of the facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (c). The property-related payment rate for the facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the

relicensing and recertification became effective. Any beds remaining on layaway status more than five years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(u) to license and certify beds that are moved within an existing area of a facility or to a newly constructed addition which is built for the purpose of eliminating three- and four-bed rooms and adding space for dining, lounge areas, bathing rooms, and ancillary service areas in a nursing home that, as of January 1, 1995, was located in Fridley and had a licensed capacity of 129 beds;

(v) to relocate 36 beds in Crow Wing County and four beds from Hennepin County to a 160-bed facility in Crow Wing County, provided all the affected beds are under common ownership;

(w) to license and certify a total replacement project of up to 49 beds located in Norman County that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(x) to license and certify a total replacement project of up to 129 beds located in Polk County that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(y) to license and certify beds in a renovation and remodeling project to convert 13 three-bed wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey County, was not owned by a hospital corporation, had a licensed capacity of 64 beds, and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(z) to license and certify up to 150 nursing home beds to replace an existing 285 bed nursing facility located in St. Paul. The replacement project shall include both the renovation of existing buildings and the construction of new facilities at the existing site. The reduction in the licensed capacity of the existing facility shall occur during the construction project as beds are taken out of service due to the construction process. Prior to the start of the construction process, the facility shall provide written information to the commissioner of health describing the process for bed reduction, plans for the relocation of residents, and the estimated construction schedule. The relocation of residents shall be in accordance with the provisions of law and rule;

(aa) to allow the commissioner of human services to license an additional 36 beds to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 198-bed nursing home located in Red Wing, provided that the total number of licensed and certified beds at the facility does not increase;

(bb) to license and certify a new facility in St. Louis county with 44 beds constructed to replace an existing facility in St. Louis County with 31 beds, which has resident rooms on two separate floors and

an antiquated elevator that creates safety concerns for residents and prevents nonambulatory residents from residing on the second floor. The project shall include the elimination of three- and four-bed rooms;

(cc) to license and certify four beds in a 16-bed certified boarding care home in Minneapolis to replace beds that were voluntarily delicensed and decertified on or before March 31, 1992. The licensure and certification is conditional upon the facility periodically assessing and adjusting its resident mix and other factors which may contribute to a potential institution for mental disease declaration. The commissioner of human services shall retain the authority to audit the facility at any time and shall require the facility to comply with any requirements necessary to prevent an institution for mental disease declaration, including delicensure and decertification of beds, if necessary;

(dd) to license and certify 72 beds in an existing facility in Mille Lacs County with 80 beds as part of a renovation project. The renovation must include construction of an addition to accommodate ten residents with beginning and midstage dementia in a self-contained living unit; creation of three resident households where dining, activities, and support spaces are located near resident living quarters; designation of four beds for rehabilitation in a self-contained area; designation of 30 private rooms; and other improvements;

(ee) to license and certify beds in a facility that has undergone replacement or remodeling as part of a planned closure under section 256B.437;

(ff) to license and certify a total replacement project of up to 124 beds located in Wilkin County that are in need of relocation from a nursing home significantly damaged by flood. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that section 256B.431, subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(gg) to allow the commissioner of human services to license an additional nine beds to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 240-bed nursing home located in Duluth, provided that the total number of licensed and certified beds at the facility does not increase;

(hh) to license and certify up to 120 new nursing facility beds to replace beds in a facility in Anoka County, which was licensed for 98 beds as of July 1, 2000, provided the new facility is located within four miles of the existing facility and is in Anoka County. Operating and property rates shall be determined and allowed under section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0080, or section 256B.434 or 256B.435. The provisions of section 256B.431, subdivision 26, paragraphs (a) and (b), do not apply until the second rate year following settle-up; or

(ii) to transfer up to 98 beds of a 129-licensed bed facility located in Anoka County that, as of March 25, 2001, is in the active process of closing, to a 122-licensed bed nonprofit nursing facility located in the city of Columbia Heights or its affiliate. The transfer is effective when the receiving facility notifies the commissioner in writing of the number of beds accepted. The commissioner shall place all transferred beds on layaway status held in the name of the receiving facility. The layaway adjustment provisions of section 256B.431, subdivision 30, do not apply to this layaway. The receiving facility may only remove the beds from layaway for recertification and relicensure at the receiving facility's current site, or at a newly constructed facility located in Anoka County. The receiving facility must receive statutory authorization before removing these beds from layaway status, or may remove these beds from layaway status if removal from layaway status is part of a moratorium exception project approved by the commissioner under section 144A.073.

Sec. 5. Minnesota Statutes 2004, section 144A.071, subdivision 4c, is amended to read:

Subd. 4c. **Exceptions for replacement beds after June 30, 2003.** (a) The commissioner of health, in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(1) to license and certify an 80-bed city-owned facility in Nicollet County to be constructed on the site of a new city-owned hospital to replace an existing 85-bed facility attached to a hospital that is also being replaced. The threshold allowed for this project under section 144A.073 shall be the maximum amount available to pay the additional medical assistance costs of the new facility;

(2) to license and certify 29 beds to be added to an existing 69-bed facility in St. Louis County, provided that the 29 beds must be transferred from active or layaway status at an existing facility in St. Louis County that had 235 beds on April 1, 2003.

The licensed capacity at the 235-bed facility must be reduced to 206 beds, but the payment rate at that facility shall not be adjusted as a result of this transfer. The operating payment rate of the facility adding beds after completion of this project shall be the same as it was on the day prior to the day the beds are licensed and certified. This project shall not proceed unless it is approved and financed under the provisions of section 144A.073; ~~and~~

(3) to license and certify a new 60-bed facility in Austin, provided that: (i) 45 of the new beds are transferred from a 45-bed facility in Austin under common ownership that is closed and 15 of the new beds are transferred from a 182-bed facility in Albert Lea under common ownership; (ii) the commissioner of human services is authorized by the 2004 legislature to negotiate budget-neutral planned nursing facility closures; and (iii) money is available from planned closures of facilities under common ownership to make implementation of this clause budget-neutral to the state. The bed capacity of the Albert Lea facility shall be reduced to 167 beds following the transfer. Of the 60 beds at the new facility, 20 beds shall be used for a special care unit for persons with Alzheimer's disease or related dementias; ~~and~~

(4) to license and certify up to 80 beds transferred from an existing state-owned nursing facility in Cass County to a new facility located on the grounds of the Ah-Gwah-Ching campus. The operating cost payment rates for the new facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431. The property payment rate for the first three years of operation shall be \$35 per day. For subsequent years, the property payment rate of \$35 per day shall be adjusted for inflation as provided in section 256B.434, subdivision 4, paragraph (c), as long as the facility has a contract under section 256B.434.

(b) Projects approved under this subdivision shall be treated in a manner equivalent to projects approved under subdivision 4a.

Sec. 6. Minnesota Statutes 2004, section 144A.10, is amended by adding a subdivision to read:

Subd. 6e. **Use of fines.** When the commissioner of health determines the use of, or provides recommendations on the use of fines collected under subdivisions 6 or 6b, two representatives of the nursing home industry, appointed by nursing home trade associations, and two consumer representatives as appointed by the commissioner must be included in the process of developing or preparing any information, reviews, or recommendations on the use of the fines. This includes, but is not limited to, including two representatives of the nursing home industry in any committee designed to provide information and recommendations for the use of the fines.

Sec. 7. Minnesota Statutes 2004, section 144A.161, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** The definitions in this subdivision apply to subdivisions 2 to 10.

(a) "Closure" means the cessation of operations of a facility and the delicensure and decertification of all beds within the facility.

(b) "Curtailement," "reduction," or "change" refers to any change in operations which would result in or encourage the relocation of residents.

(c) "Facility" means a nursing home licensed pursuant to this chapter, or a certified boarding care home licensed pursuant to sections 144.50 to 144.56.

(d) "Licensee" means the owner of the facility or the owner's designee or the commissioner of health for a facility in receivership.

(e) ~~"Local agency"~~ "County social services agency" means the county or multicounty social service agency authorized under sections 393.01 and 393.07, as the agency responsible for providing social services for the county in which the nursing home is located.

(f) "Plan" means a process developed under subdivision 3, paragraph (b), for the closure, curtailement, reduction, or change in operations in a facility and the subsequent relocation of residents.

(g) "Relocation" means the discharge of a resident and movement of the resident to another facility or living arrangement as a result of the closing, curtailement, reduction, or change in operations of a nursing home or boarding care home.

Sec. 8. Minnesota Statutes 2004, section 144A.161, is amended by adding a subdivision to read:

Subd. 1a. **Scope.** Where a facility is undertaking closure, curtailement, reduction, or change in operations, the facility and the county social services agency must comply with the requirements of this section.

Sec. 9. Minnesota Statutes 2004, section 144A.161, subdivision 2, is amended to read:

Subd. 2. **Initial notice from licensee.** (a) A licensee shall notify the following parties in writing when there is an intent to close or curtail, reduce, or change operations which would result in or encourage the relocation of residents:

- (1) the commissioner of health;
- (2) the commissioner of human services;
- (3) the ~~local~~ county social services agency;
- (4) the Office of the Ombudsman for Older Minnesotans; and
- (5) the Office of the Ombudsman for Mental Health and Mental Retardation.

(b) The written notice shall include the names, telephone numbers, facsimile numbers, and e-mail addresses of the persons in the facility responsible for coordinating the licensee's efforts in the planning process, and the number of residents potentially affected by the closure or curtailement, reduction, or change in operations.

(c) After providing written notice under this section, and prior to admission, the facility must fully inform prospective residents and their families of the intent to close or curtail, reduce, or change operations, and of the relocation plan.

Sec. 10. Minnesota Statutes 2004, section 144A.161, subdivision 3, is amended to read:

Subd. 3. **Planning process.** (a) The ~~local~~ county social services agency shall, within five working days of receiving initial notice of the licensee's intent to close or curtail, reduce, or change operations, provide the licensee and all parties identified in subdivision 2, paragraph (a), with the names, telephone numbers, facsimile numbers, and e-mail addresses of those persons responsible for coordinating ~~local~~ county social services agency efforts in the planning process.

(b) Within ten working days of receipt of the notice under paragraph (a), the local county social services agency and licensee shall meet to develop the relocation plan. The local county social services agency shall inform the Departments of Health and Human Services, the Office of the Ombudsman for Older Minnesotans, and the Office of the Ombudsman for Mental Health and Mental Retardation of the date, time, and location of the meeting so that their representatives may attend. The relocation plan must be completed within 45 days of receipt of the initial notice. However, the plan may be finalized on an earlier schedule agreed to by all parties. To the extent practicable, consistent with requirements to protect the safety and health of residents, the commissioner may authorize the planning process under this subdivision to occur concurrent with the 60-day notice required under subdivision 5a. The plan shall:

- (1) identify the expected date of closure, curtailment, reduction, or change in operations;
- (2) outline the process for public notification of the closure, curtailment, reduction, or change in operations;
- (3) identify efforts that will be made to include other stakeholders in the relocation process;
- (4) outline the process to ensure 60-day advance written notice to residents, family members, and designated representatives;
- (5) present an aggregate description of the resident population remaining to be relocated and the population's needs;
- (6) outline the individual resident assessment process to be utilized;
- (7) identify an inventory of available relocation options, including home and community-based services;
- (8) identify a timeline for submission of the list identified in subdivision 5c, paragraph (b); ~~and~~
- (9) identify a schedule for the timely completion of each element of the plan; and
- (10) identify the steps the licensee and the county social services agency will take to address the relocation needs of individual residents who may be difficult to place due to specialized care needs such as behavioral health problems.

(c) All parties to the plan shall refrain from any public notification of the intent to close or curtail, reduce, or change operations until a relocation plan has been established. If the planning process occurs concurrently with the 60-day notice period, this requirement does not apply once 60-day notice is given.

Sec. 11. Minnesota Statutes 2004, section 144A.161, subdivision 4, is amended to read:

Subd. 4. **Responsibilities of licensee for resident relocations.** The licensee shall provide for the safe, orderly, and appropriate relocation of residents. The licensee and facility staff shall cooperate with representatives from the local county social services agency, the Department of Health, the Department of Human Services, the Office of Ombudsman for Older Minnesotans, and ombudsman for mental health and mental retardation in planning for and implementing the relocation of residents.

Sec. 12. Minnesota Statutes 2004, section 144A.161, subdivision 5, is amended to read:

Subd. 5. **Licensee responsibilities prior to relocation.** (a) The licensee shall establish an interdisciplinary team responsible for coordinating and implementing the plan. The interdisciplinary team shall include representatives from the local county social services agency, the Office of Ombudsman for Older Minnesotans, facility staff that provide direct care services to the residents, and facility administration.

(b) The licensee shall provide a ~~list~~ summary document to the ~~local~~ county social services agency that includes the following information on each resident to be relocated:

- (1) name;
- (2) date of birth;
- (3) Social Security number;
- (4) payment source and medical assistance identification number, if applicable;
- (5) county of financial responsibility;
- (6) date of admission to the facility;
- ~~(5)~~ (7) all diagnoses; ~~and~~
- (8) the name of and contact information for the resident's physician;
- ~~(6)~~ (9) the name and contact information for the resident's family or other designated representative;
- (10) the names of and contact information for any case managers, if known; and
- (11) information on the resident's status related to commitment and probation.

(c) The licensee shall consult with the ~~local~~ county social services agency on the availability and development of available resources and on the resident relocation process.

Sec. 13. Minnesota Statutes 2004, section 144A.161, subdivision 5a, is amended to read:

Subd. 5a. **Licensee responsibilities to provide notice.** At least 60 days before the proposed date of closing, curtailment, reduction, or change in operations as agreed to in the plan, the licensee shall send a written notice of closure or curtailment, reduction, or change in operations to each resident being relocated, the resident's family member or designated representative, and the resident's attending physician. The notice must include the following:

- (1) the date of the proposed closure, curtailment, reduction, or change in operations;
- (2) the name, address, telephone number, facsimile number, and e-mail address of the individual or individuals in the facility responsible for providing assistance and information;
- (3) notification of upcoming meetings for residents, families and designated representatives, and resident and family councils to discuss the relocation of residents;
- (4) the name, address, and telephone number of the ~~local~~ county social services agency contact person; and
- (5) the name, address, and telephone number of the Office of Ombudsman for Older Minnesotans and the ombudsman for mental health and mental retardation.

The notice must comply with all applicable state and federal requirements for notice of transfer or discharge of nursing home residents.

Sec. 14. Minnesota Statutes 2004, section 144A.161, subdivision 5c, is amended to read:

Subd. 5c. **Licensee responsibility regarding placement information.** (a) The licensee shall provide sufficient preparation to residents to ensure safe, orderly, and appropriate discharge and relocation. The licensee shall assist residents in finding placements that respond to personal preferences, such as desired geographic location.

(b) The licensee shall prepare a resource list with several relocation options for each resident. The list must contain the following information for each relocation option, when applicable:

(1) the name, address, and telephone and facsimile numbers of each facility with appropriate, available beds or services;

(2) the certification level of the available beds;

(3) the types of services available; and

(4) the name, address, and telephone and facsimile numbers of appropriate available home and community-based placements, services, and settings or other options for individuals with special needs.

The list shall be made available to residents and their families or designated representatives, and upon request to the Office of Ombudsman for Older Minnesotans, the ombudsman for mental health and Mental Retardation, and the ~~local~~ county social services agency.

(c) The Senior LinkAge line may make available via a Web site the name, address, and telephone and facsimile numbers of each facility with available beds, the certification level of the available beds, the types of services available, and the number of beds that are available as updated daily by the listed facilities. The licensee must provide residents, their families or designated representatives, the Office of the Ombudsman for Older Minnesotans, the Office of the Ombudsman for Mental Health and Mental Retardation, and the ~~local~~ county social services agency with the toll-free number and Web site address for the Senior LinkAge line.

Sec. 15. Minnesota Statutes 2004, section 144A.161, subdivision 6, is amended to read:

Subd. 6. **Responsibilities of the licensee during relocation.** (a) The licensee shall make arrangements or provide for the transportation of residents to the new facility or placement within a 50-mile radius, or within a larger radius if no suitable options are available within 50 miles. The licensee shall provide a staff person to accompany the resident during transportation, upon request of the resident, the resident's family, or designated representative. The discharge and relocation of residents must comply with all applicable state and federal requirements and must be conducted in a safe, orderly, and appropriate manner. The licensee must ensure that there is no disruption in providing meals, medications, or treatments of a resident during the relocation process.

(b) Beginning the week following development of the initial relocation plan, the licensee shall submit ~~biweekly~~ weekly status reports to the commissioners of health and human services or their designees and to the ~~local~~ county social services agency. The initial status report must identify:

(1) the relocation plan developed;

(2) the interdisciplinary team members; and

(3) the number of residents to be relocated.

(c) Subsequent status reports must identify:

(1) any modifications to the plan;

(2) any change of interdisciplinary team members;

(3) the number of residents relocated;

(4) the destination to which residents have been relocated;

(5) the number of residents remaining to be relocated; and

(6) issues or problems encountered during the process and resolution of these issues.

Sec. 16. Minnesota Statutes 2004, section 144A.161, subdivision 8, is amended to read:

Subd. 8. **Responsibilities of local county social services agency.** (a) The local county social services agency shall participate in the meeting as outlined in subdivision 3, paragraph (b), to develop a relocation plan.

(b) The local county social services agency shall designate a representative to the interdisciplinary team established by the licensee responsible for coordinating the relocation efforts.

(c) The local county social services agency shall serve as a resource in the relocation process.

(d) Concurrent with the notice sent to residents from the licensee as provided in subdivision 5a, the local county social services agency shall provide written notice to residents, family, or designated representatives describing:

(1) the county's role in the relocation process and in the follow-up to relocations;

(2) a local county social services agency contact name, address, and telephone number; and

(3) the name, address, and telephone number of the Office of Ombudsman for Older Minnesotans and the ombudsman for mental health and mental retardation.

(e) The local county social services agency designee shall meet with appropriate facility staff to coordinate any assistance in the relocation process. This coordination shall include participating in group meetings with residents, families, and designated representatives to explain the relocation process.

(f) The local county social services agency shall monitor compliance with all components of the plan. If the licensee is not in compliance, the local county social services agency shall notify the commissioners of the Departments of Health and Human Services.

(g) Except as requested by the resident, family member, or designated representative and within the parameters of the Vulnerable Adults Act, the local county social services agency may halt a relocation that it deems inappropriate or dangerous to the health or safety of a resident. The local county social services agency shall pursue remedies to protect the resident during the relocation process, including, but not limited to, assisting the resident with filing an appeal of transfer or discharge, notification of all appropriate licensing boards and agencies, and other remedies available to the county under section 626.557, subdivision 10.

(h) A member of the local county social services agency staff shall visit residents relocated within 100 miles of the county within 30 days after the relocation. Local This requirement does not apply to changes in operation where the facility moved to a new location and residents chose to move to that new location. The requirement also does not apply to residents admitted after the notice of closure and discharged prior to the actual closure. County social services agency staff shall interview the resident and family or designated representative, observe the resident on site, and review and discuss pertinent medical or social records with appropriate facility staff to:

(1) assess the adjustment of the resident to the new placement;

(2) recommend services or methods to meet any special needs of the resident; and

(3) identify residents at risk.

(i) The local county social services agency may conduct subsequent follow-up visits in cases where the adjustment of the resident to the new placement is in question.

(j) Within 60 days of the completion of the follow-up visits, the local county social services agency shall submit a written summary of the follow-up work to the Departments of Health and Human Services in a manner approved by the commissioners.

(k) The ~~local~~ county social services agency shall submit to the Departments of Health and Human Services a report of any issues that may require further review or monitoring.

(l) The ~~local~~ county social services agency shall be responsible for the safe and orderly relocation of residents in cases where an emergent need arises or when the licensee has abrogated its responsibilities under the plan.

Sec. 17. Minnesota Statutes 2005 Supplement, section 256B.0918, subdivision 1, is amended to read:

Subdivision 1. **Program criteria.** Beginning on or after October 1, 2005, within the limits of appropriations specifically available for this purpose, the commissioner shall provide funding to qualified provider applicants for employee scholarships for education in nursing and other health care fields. Employee scholarships must be for a course of study that is expected to lead to career advancement with the provider or in the field of long-term care, including home care or care of persons with disabilities, or nursing. Providers that secure this funding must use it to award scholarships to employees who work an average of at least 20 hours per week for the provider. Executive management staff without direct care duties, registered nurses, and therapists are not eligible to receive scholarships under this section.

Sec. 18. Minnesota Statutes 2005 Supplement, section 256B.0918, subdivision 3, is amended to read:

Subd. 3. **Provider selection criteria.** To be considered for scholarship funding, the provider shall submit a completed application within the time frame specified by the commissioner. In awarding funding, the commissioner shall consider the following:

- (1) the size of the provider as measured in annual billing to the medical assistance program. To be eligible, a provider must receive at least ~~\$500,000~~ \$300,000 annually in medical assistance payments;
- (2) the percentage of employees meeting the scholarship program recipient requirements;
- (3) staff retention rates for paraprofessionals; and
- (4) other criteria determined by the commissioner.

Sec. 19. Minnesota Statutes 2005 Supplement, section 256B.0918, subdivision 4, is amended to read:

Subd. 4. **Funding specifics.** Within the limits of appropriations specifically available for this purpose, for the rate period beginning on or after October 1, 2005, to September 30, 2007, the commissioner shall provide to each provider listed in subdivision 2 and awarded funds under subdivision 3 a medical assistance rate increase to fund scholarships up to ~~two-tenths~~ three-tenths percent of the medical assistance reimbursement rate. The commissioner shall require providers to repay any portion of funds awarded under subdivision 3 that is not used to fund scholarships. If applications exceed available funding, funding shall be targeted to providers that employ a higher percentage of paraprofessional staff or have lower rates of turnover of paraprofessional staff. During the subsequent years of the program, the rate adjustment may be recalculated, at the discretion of the commissioner. In making a recalculation the commissioner may consider the provider's success at granting scholarships based on the amount spent during the previous year and the availability of appropriations to continue the program.

Sec. 20. Minnesota Statutes 2004, section 256B.431, is amended by adding a subdivision to read:

Subd. 43. **Rate increase for facilities in Stearns, Sherburne, and Benton Counties.** Effective July 1, 2006, operating payment rates of nursing facilities in Stearns, Sherburne, and Benton Counties that are reimbursed under this section, section 256B.434, or section 256B.441 shall be increased to be equal, for a RUG's rate with a weight of 1.00, to the geographic group III median rate for the same RUG's weight. The percentage of the operating payment rate for each facility to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted in that facility's June 30, 2006, operating payment rate. This subdivision

shall apply only if it results in a rate increase. Increases provided by this subdivision shall be added to the rate determined under any new reimbursement system established under section 256B.440.

Sec. 21. Minnesota Statutes 2005 Supplement, section 256B.434, subdivision 4, is amended to read:

Subd. 4. **Alternate rates for nursing facilities.** (a) For nursing facilities which have their payment rates determined under this section rather than section 256B.431, the commissioner shall establish a rate under this subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's case mix payment rate for the first rate year of a facility's contract under this section is the payment rate the facility would have received under section 256B.431.

(c) A nursing facility's case mix payment rates for the second and subsequent years of a facility's contract under this section are the previous rate year's contract payment rates plus an inflation adjustment and, for facilities reimbursed under this section or section 256B.431, an adjustment to include the cost of any increase in Health Department licensing fees for the facility taking effect on or after July 1, 2001. The index for the inflation adjustment must be based on the change in the Consumer Price Index-All Items (United States City average) (CPI-U) forecasted by the commissioner of finance's national economic consultant, as forecasted in the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined. For the rate years beginning on July 1, 1999, July 1, 2000, July 1, 2001, July 1, 2002, July 1, 2003, July 1, 2004, July 1, 2005, July 1, 2006, July 1, 2007, and July 1, 2008, this paragraph shall apply only to the property-related payment rate, except that adjustments to include the cost of any increase in Health Department licensing fees taking effect on or after July 1, 2001, shall be provided. Beginning in 2005, adjustment to the property payment rate under this section and section 256B.431 shall be effective on October 1. In determining the amount of the property-related payment rate adjustment under this paragraph, the commissioner shall determine the proportion of the facility's rates that are property-related based on the facility's most recent cost report. ~~Beginning October 1, 2006, facilities reimbursed under this section shall be allowed to receive a property rate adjustment for building projects under section 144A.071, subdivision 2.~~

(d) The commissioner shall develop additional incentive-based payments of up to five percent above a facility's operating payment rate for achieving outcomes specified in a contract. The commissioner may solicit contract amendments and implement those which, on a competitive basis, best meet the state's policy objectives. The commissioner shall limit the amount of any incentive payment and the number of contract amendments under this paragraph to operate the incentive payments within funds appropriated for this purpose. The contract amendments may specify various levels of payment for various levels of performance. Incentive payments to facilities under this paragraph may be in the form of time-limited rate adjustments or onetime supplemental payments. In establishing the specified outcomes and related criteria, the commissioner shall consider the following state policy objectives:

(1) successful diversion or discharge of residents to the residents' prior home or other community-based alternatives;

(2) adoption of new technology to improve quality or efficiency;

(3) improved quality as measured in the Nursing Home Report Card;

(4) reduced acute care costs; and

(5) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.

Sec. 22. Minnesota Statutes 2004, section 256B.434, is amended by adding a subdivision to read:

Subd. 4f. Construction project rate adjustments effective October 1, 2006. (a) Effective October 1, 2006, facilities reimbursed under this section may receive a property rate adjustment for construction projects exceeding the threshold in section 256B.431, subdivision 16, and below the threshold in section 144A.071, subdivision 2, clause (a). For these projects, capital assets purchased shall be counted as construction project costs for a rate adjustment request made by a facility if they are: (1) purchased within 24 months of the completion of the construction project; (2) purchased after the completion date of any prior construction project; and (3) are not purchased prior to July 14, 2005. Except as otherwise provided in this subdivision, the definitions, rate calculation methods, and principles in sections 144A.071 and 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0080, shall be used to calculate rate adjustments for allowable construction projects under this subdivision and section 144A.073. Facilities completing construction projects between October 1, 2005, and October 1, 2006, are eligible to have a property rate adjustment effective October 1, 2006. Facilities completing projects after October 1, 2006, are eligible for a property rate adjustment effective on the first day of the month following the completion date.

(b) Notwithstanding subdivision 18, as of July 14, 2005, facilities with rates set under section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0080, that commenced a construction project on or after October 1, 2004, and do not have a contract under subdivision 3 by September 30, 2006, are eligible to request a rate adjustment under section 256B.431, subdivision 10, through September 30, 2006. If the request results in the commissioner determining a rate adjustment is allowable, the rate adjustment is effective on the first of the month following project completion. These facilities shall be allowed to accumulate construction project costs for the period October 1, 2004, to September 30, 2006.

(c) Facilities shall be allowed construction project rate adjustments no sooner than 12 months after completing a previous construction project. Facilities must request the rate adjustment according to section 256B.431, subdivision 10.

(d) Capacity days shall be computed according to Minnesota Rules, part 9549.0060, subpart 11. For rate calculations under this section, the number of licensed beds in the nursing facility shall be the number existing after the construction project is completed and the number of days in the nursing facility's reporting period shall be 365.

(e) The value of assets to be recognized for a total replacement project as defined in section 256B.431, subdivision 17d, shall be computed as described in clause (1). The value of assets to be recognized for all other projects shall be computed as described in clause (2):

(1) Replacement-cost-new limits under section 256B.431, subdivision 17e, and the number of beds allowed under subdivision 3a, paragraph (c), shall be used to compute the maximum amount of assets allowable in a facility's property rate calculation. If a facility's current request for a rate adjustment results from the completion of a construction project that was previously approved under section 144A.073, the assets to be used in the rate calculation cannot exceed the lesser of the amount determined under sections 144A.071, subdivision 2, and 144A.073, subdivision 3b, or the actual allowable costs of the construction project. A current request that is not the result of a project under section 144A.073 cannot exceed the limit under section 144A.071, subdivision 2, paragraph (a). Applicable credits must be deducted from the cost of the construction project.

(2) (i) Replacement-cost-new limits under section 256B.431, subdivision 17e, and the number of beds allowed under section 256B.431, subdivision 3a, paragraph (c), shall be used to compute the maximum amount of assets allowable in a facility's property rate calculation.

(ii) The value of a facility's assets to be compared to the amount in item (i) begins with the total appraised value from the last rate notice a facility received when its rates were set under section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0080. This value shall be indexed by the factor in section 256B.431, subdivision 3f, paragraph (a), for each rate year the facility received an inflation factor on its

property-related rate when its rates were set under this section. The value of assets listed as previous capital additions, capital additions, and special projects on the facility's base year rate notice and the value of assets related to a construction project for which the facility received a rate adjustment when its rates were determined under this section shall be added to the indexed appraised value.

(iii) The maximum amount of assets to be recognized in computing a facility's rate adjustment after a project is completed is the lesser of the aggregate replacement-cost-new limit computed in (i) minus the assets recognized in (ii) or the actual allowable costs of the construction project.

(iv) If a facility's current request for a rate adjustment results from the completion of a construction project that was previously approved under section 144A.073, the assets to be added to the rate calculation cannot exceed the lesser of the amount determined under sections 144A.071, subdivision 2, and 144A.073, subdivision 3b, or the actual allowable costs of the construction project. A current request that is not the result of a project under section 144A.073 cannot exceed the limit stated in section 144A.071, subdivision 2, paragraph (a). Assets disposed of as a result of a construction project and applicable credits must be deducted from the cost of the construction project.

(f) For construction projects approved under section 144A.073, allowable debt may never exceed the lesser of the cost of the assets purchased, the threshold limit in section 144A.071, subdivision 2, or the replacement-cost-new limit less previously existing capital debt.

(g) For construction projects that were not approved under section 144A.073, allowable debt is limited to the lesser of the threshold in section 144A.071, subdivision 2, for such construction projects or the applicable limit in paragraph (e), clause (1) or (2), less previously existing capital debt. Amounts of debt taken out that exceed the costs of a construction project shall not be allowed regardless of the use of the funds.

For all construction projects being recognized, interest expense and average debt shall be computed based on the first 12 months following project completion. "Previously existing capital debt" means capital debt recognized on the last rate determined under section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0080, and the amount of debt recognized for a construction project for which the facility received a rate adjustment when its rates were determined under this section.

For a total replacement project as defined in section 256B.431, subdivision 17d, the value of previously existing capital debt shall be zero.

(h) In addition to the interest expense allowed from the application of paragraph (f), the amounts allowed under section 256B.431, subdivision 17a, paragraph (a), clauses (2) and (3), will be added to interest expense.

(i) The equity portion of the construction project shall be computed as the allowable assets in paragraph (e), less the average debt in paragraph (f). The equity portion must be multiplied by 5.66 percent and the allowable interest expense in paragraph (f) must be added. This sum must be divided by 95 percent of capacity days to compute the construction project rate adjustment.

(j) For projects that are not a total replacement of a nursing facility, the amount in paragraph (i) is adjusted for nonreimbursable areas and then added to the current property payment rate of the facility.

(k) For projects that are a total replacement of a nursing facility, the amount in paragraph (i) becomes the new property payment rate after being adjusted for nonreimbursable areas. Any amounts existing in a facility's rate before the effective date of the construction project for equity incentives under section 256B.431, subdivision 16; capital repairs and replacements under section 256B.431, subdivision 15; or refinancing incentives under section 256B.431, subdivision 19, shall be removed from the facility's rates.

(l) No additional equipment allowance is allowed under Minnesota Rules, part 9549.0060, subpart 10, as the result of construction projects under this section. Allowable equipment shall be included in the construction project costs.

(m) Capital assets purchased after the completion date of a construction project shall be counted as construction project costs for any future rate adjustment request made by a facility under section 144A.071, subdivision 2, clause (a), if they are purchased within 24 months of the completion of the future construction project.

(n) In subsequent rate years, the property payment rate for a facility that results from the application of this subdivision shall be the amount inflated in subdivision 4.

(o) Construction projects are eligible for an equity incentive under section 256B.431, subdivision 16. When computing the equity incentive for a construction project under this subdivision, only the allowable costs and allowable debt related to the construction project shall be used. The equity incentive shall not be a part of the property payment rate and not inflated under subdivision 4. Effective October 1, 2006, all equity incentives for nursing facilities reimbursed under this section shall be allowed for a duration determined under section 256B.431, subdivision 16, paragraph (c).

Sec. 23. Minnesota Statutes 2004, section 256B.434, is amended by adding a subdivision to read:

Subd. 4g. **Facility rate increase effective October 1, 2007; Otter Tail County.** For the rate year beginning October 1, 2007, a nursing facility in Otter Tail County that was licensed for 57 beds as of December 31, 2004, shall receive a rate increase to increase its operating rate to the 60th percentile of the operating rates of all other Otter Tail County nursing facilities. The commissioner shall determine the 60th percentile of the case mix portion of the operating rates with a RUGS weight of 1.0 of all other Otter Tail County nursing facilities and then apply the case mix weights. The 60th percentile of the other operating per diem for all other Otter Tail County nursing facilities will be added to the above-determined case mix rates to compute the operating payment rates. The nonoperating components of the facility's rates will not be adjusted under this subdivision.

Sec. 24. Minnesota Statutes 2004, section 256B.434, is amended by adding a subdivision to read:

Subd. 4h. **Nursing facility rate increase effective October 1, 2007; Martin County.** For the rate year beginning October 1, 2007, the commissioner shall provide to a nursing facility in Martin County licensed for 93 beds as of January 1, 2006, an increase in the total operating payment rate of \$5 per resident day for all case mix classes.

Sec. 25. Minnesota Statutes 2004, section 256B.437, subdivision 3, is amended to read:

Subd. 3. Applications for planned closure of nursing facilities. (a) By August 15, 2001, the commissioner of human services shall implement and announce a program for closure or partial closure of nursing facilities. Names and identifying information provided in response to the announcement shall remain private unless approved, according to the timelines established in the plan. The announcement must specify:

- (1) the criteria in subdivision 4 that will be used by the commissioner to approve or reject applications;
- (2) the information that must accompany an application; and
- (3) that applications may combine planned closure rate adjustments with moratorium exception funding, in which case a single application may serve both purposes.

Between August 1, 2001, and June 30, 2003, the commissioner may approve planned closures of up to 5,140 nursing facility beds, less the number of beds delicensed in facilities during the same time period without

approved closure plans or that have notified the commissioner of health of their intent to close without an approved closure plan. Beginning July 1, 2004, the commissioner may negotiate a planned closure rate adjustment for nursing facilities providing the proposal, cumulatively, with other proposals that have been approved, has no cost to the state. For planned closure rate adjustments negotiated after March 1, 2006, the limit of \$2,080 in subdivision 6, paragraph (a), clause (1), shall not apply. The removal of the limit in subdivision 6, paragraph (a), clause (1), shall not constitute an increase to the amount specified in subdivision 6, paragraph (a), clause (1), for the purposes of subdivision 6, paragraph (f).

(b) A facility or facilities reimbursed under section 256B.431 or 256B.434 with a closure plan approved by the commissioner under subdivision 5 may assign a planned closure rate adjustment to another facility or facilities that are not closing or in the case of a partial closure, to the facility undertaking the partial closure. A facility may also elect to have a planned closure rate adjustment shared equally by the five nursing facilities with the lowest total operating payment rates in the state development region designated under section 462.385, in which the facility that is closing is located. The planned closure rate adjustment must be calculated under subdivision 6. Facilities that delicense beds without a closure plan, or whose closure plan is not approved by the commissioner, are not eligible to assign a planned closure rate adjustment under subdivision 6, unless they are delicensing five or fewer beds, or less than six percent of their total licensed bed capacity, whichever is greater, are located in a county in the top three quartiles of beds per 1,000 persons aged 65 or older, and have not delicensed beds in the prior three months. Facilities meeting these criteria are eligible to assign the amount calculated under subdivision 6 to themselves. If a facility is delicensing the greater of six or more beds, or six percent or more of its total licensed bed capacity, and does not have an approved closure plan or is not eligible for the adjustment under subdivision 6, the commissioner shall calculate the amount the facility would have been eligible to assign under subdivision 6, and shall use this amount to provide equal rate adjustments to the five nursing facilities with the lowest total operating payment rates in the state development region designated under section 462.385, in which the facility that delicensed beds is located.

(c) To be considered for approval, an application must include:

(1) a description of the proposed closure plan, which must include identification of the facility or facilities to receive a planned closure rate adjustment;

(2) the proposed timetable for any proposed closure, including the proposed dates for announcement to residents, commencement of closure, and completion of closure;

(3) if available, the proposed relocation plan for current residents of any facility designated for closure. If a relocation plan is not available, the application must include a statement agreeing to develop a relocation plan designed to comply with section 144A.161;

(4) a description of the relationship between the nursing facility that is proposed for closure and the nursing facility or facilities proposed to receive the planned closure rate adjustment. If these facilities are not under common ownership, copies of any contracts, purchase agreements, or other documents establishing a relationship or proposed relationship must be provided;

(5) documentation, in a format approved by the commissioner, that all the nursing facilities receiving a planned closure rate adjustment under the plan have accepted joint and several liability for recovery of overpayments under section 256B.0641, subdivision 2, for the facilities designated for closure under the plan; and

(6) an explanation of how the application coordinates with planning efforts under subdivision 2. If the planning group does not support a level of nursing facility closures that the commissioner considers to be reasonable, the commissioner may approve a planned closure proposal without its support.

(d) The application must address the criteria listed in subdivision 4.

EFFECTIVE DATE. This section is effective retroactively from March 1, 2006.

Sec. 26. Minnesota Statutes 2004, section 256B.438, subdivision 4, is amended to read:

Subd. 4. **Resident assessment schedule.** (a) Nursing facilities shall conduct and submit case mix assessments according to the schedule established by the commissioner of health under section 144.0724, subdivisions 4 and 5.

(b) The resident reimbursement classifications established under section 144.0724, subdivision 3, shall be effective the day of admission for new admission assessments. The effective date for significant change assessments shall be the assessment reference date. The effective date for annual and ~~second~~ quarterly assessments shall be the first day of the month following assessment reference date.

(c) Effective October 1, 2006, the commissioner shall rebase payment rates to account for the change in the resident assessment schedule in section 144.0724, subdivision 4, paragraph (b), clause (4), in a facility specific budget neutral manner, according to subdivision 7, paragraph (b).

Sec. 27. Minnesota Statutes 2005 Supplement, section 256B.5012, subdivision 6, is amended to read:

Subd. 6. **ICF/MR rate increases October 1, 2005, and October 1, 2006.** (a) For the rate periods beginning October 1, 2005, and October 1, 2006, the commissioner shall make available to each facility reimbursed under this section an adjustment to the total operating payment rate of 2.2553 percent.

(b) 75 percent of the money resulting from the rate adjustment under paragraph (a) must be used to increase wages and benefits and pay associated costs for ~~all~~ employees, except for administrative and central office employees. 75 percent of the money received by a facility as a result of the rate adjustment provided in paragraph (a) must be used only for wage, benefit, and staff increases implemented on or after the effective date of the rate increase each year, and must not be used for increases implemented prior to that date. The wage adjustment eligible employees may receive may vary based on merit, seniority, or other factors determined by the provider.

(c) For each facility, the commissioner shall make available an adjustment, based on occupied beds, using the percentage specified in paragraph (a) multiplied by the total payment rate, including variable rate but excluding the property-related payment rate, in effect on the preceding day. The total payment rate shall include the adjustment provided in section 256B.501, subdivision 12.

(d) A facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, is not eligible for an adjustment otherwise granted under this subdivision.

(e) A facility may apply for the portion of the payment rate adjustment provided under paragraph (a) for employee wages and benefits and associated costs. The application must be made to the commissioner and contain a plan by which the facility will distribute the funds according to paragraph (b). For facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan. A negotiated agreement may constitute the plan only if the agreement is finalized after the date of enactment of all rate increases for the rate year. The commissioner shall review the plan to ensure that the payment rate adjustment per diem is used as provided in this subdivision. To be eligible, a facility must submit its plan by March 31, 2006, and December 31, 2006, respectively. If a facility's plan is effective for its employees after the first day of the applicable rate period that the funds are available, the payment rate adjustment per diem is effective the same date as its plan.

(f) A copy of the approved distribution plan must be made available to all employees by giving each employee a copy or by posting it in an area of the facility to which all employees have access. If an employee does not receive the wage and benefit adjustment described in the facility's approved plan and is unable to resolve the problem with the facility's management or through the employee's union representative, the

employee may contact the commissioner at an address or telephone number provided by the commissioner and included in the approved plan.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 28. Minnesota Statutes 2004, section 256B.69, subdivision 9, is amended to read:

Subd. 9. **Reporting.** (a) Each demonstration provider shall submit information as required by the commissioner, including data required for assessing client satisfaction, quality of care, cost, and utilization of services for purposes of project evaluation. The commissioner shall also develop methods of data reporting and collection from county advocacy activities in order to provide aggregate enrollee information on encounters and outcomes to determine access and quality assurance. Required information shall be specified before the commissioner contracts with a demonstration provider.

(b) Aggregate nonpersonally identifiable health plan encounter data, aggregate spending data for major categories of service as reported to the commissioners of health and commerce under section 62D.08, subdivision 3, clause (a), and criteria for service authorization and service use are public data that the commissioner shall make available and use in public reports. The commissioner shall require each health plan and county-based purchasing plan to provide:

(1) encounter data for each service provided, using standard codes and unit of service definitions set by the commissioner, in a form that the commissioner can report by age, eligibility groups, and health plan; and

(2) criteria, written policies, and procedures required to be disclosed under section 62M.10, subdivision 7, and Code of Federal Regulations, title 42, part 438.210(b)(1), used for each type of service for which authorization is required.

Sec. 29. Minnesota Statutes 2005 Supplement, section 256B.69, subdivision 23, is amended to read:

Subd. 23. **Alternative services; elderly and disabled persons.** (a) The commissioner may implement demonstration projects to create alternative integrated delivery systems for acute and long-term care services to elderly persons and persons with disabilities as defined in section 256B.77, subdivision 7a, that provide increased coordination, improve access to quality services, and mitigate future cost increases. The commissioner may seek federal authority to combine Medicare and Medicaid capitation payments for the purpose of such demonstrations and may contract with Medicare-approved special needs plans to provide Medicaid services. Medicare funds and services shall be administered according to the terms and conditions of the federal ~~waiver~~ contract and demonstration provisions. For the purpose of administering medical assistance funds, demonstrations under this subdivision are subject to subdivisions 1 to 22. The provisions of Minnesota Rules, parts 9500.1450 to 9500.1464, apply to these demonstrations, with the exceptions of parts 9500.1452, subpart 2, item B; and 9500.1457, subpart 1, items B and C, which do not apply to persons enrolling in demonstrations under this section. An initial open enrollment period may be provided. Persons who disenroll from demonstrations under this subdivision remain subject to Minnesota Rules, parts 9500.1450 to 9500.1464. When a person is enrolled in a health plan under these demonstrations and the health plan's participation is subsequently terminated for any reason, the person shall be provided an opportunity to select a new health plan and shall have the right to change health plans within the first 60 days of enrollment in the second health plan. Persons required to participate in health plans under this section who fail to make a choice of health plan shall not be randomly assigned to health plans under these demonstrations. Notwithstanding section 256L.12, subdivision 5, and Minnesota Rules, part 9505.5220, subpart 1, item A, if adopted, for the purpose of demonstrations under this subdivision, the commissioner may contract with managed care organizations, including counties, to serve only elderly persons eligible for medical assistance, elderly and disabled persons, or disabled persons only. For persons

with primary diagnoses of mental retardation or a related condition, serious and persistent mental illness, or serious emotional disturbance, the commissioner must ensure that the county authority has approved the demonstration and contracting design. Enrollment in these projects for persons with disabilities shall be voluntary. The commissioner shall not implement any demonstration project under this subdivision for persons with primary diagnoses of mental retardation or a related condition, serious and persistent mental illness, or serious emotional disturbance, without approval of the county board of the county in which the demonstration is being implemented.

(b) Notwithstanding chapter 245B, sections 252.40 to 252.46, 256B.092, 256B.501 to 256B.5015, and Minnesota Rules, parts 9525.0004 to 9525.0036, 9525.1200 to 9525.1330, 9525.1580, and 9525.1800 to 9525.1930, the commissioner may implement under this section projects for persons with developmental disabilities. The commissioner may capitate payments for ICF/MR services, waived services for mental retardation or related conditions, including case management services, day training and habilitation and alternative active treatment services, and other services as approved by the state and by the federal government. Case management and active treatment must be individualized and developed in accordance with a person-centered plan. Costs under these projects may not exceed costs that would have been incurred under fee-for-service. Beginning July 1, 2003, and until two years after the pilot project implementation date, subcontractor participation in the long-term care developmental disability pilot is limited to a nonprofit long-term care system providing ICF/MR services, home and community-based waiver services, and in-home services to no more than 120 consumers with developmental disabilities in Carver, Hennepin, and Scott Counties. The commissioner shall report to the legislature prior to expansion of the developmental disability pilot project. This paragraph expires two years after the implementation date of the pilot project.

(c) Before implementation of a demonstration project for disabled persons, the commissioner must provide information to appropriate committees of the house of representatives and senate and must involve representatives of affected disability groups in the design of the demonstration projects.

(d) A nursing facility reimbursed under the alternative reimbursement methodology in section 256B.434 may, in collaboration with a hospital, clinic, or other health care entity provide services under paragraph (a). The commissioner shall amend the state plan and seek any federal waivers necessary to implement this paragraph.

(e) The commissioner, in consultation with the commissioners of commerce and health, may approve and implement programs for all-inclusive care for the elderly (PACE) according to federal laws and regulations governing that program and state laws or rules applicable to participating providers. The process for approval of these programs shall begin only after the commissioner receives grant money in an amount sufficient to cover the state share of the administrative and actuarial costs to implement the programs during state fiscal years 2006 and 2007. Grant amounts for this purpose shall be deposited in an account in the special revenue fund and are appropriated to the commissioner to be used solely for the purpose of PACE administrative and actuarial costs. A PACE provider is not required to be licensed or certified as a health plan company as defined in section 62Q.01, subdivision 4. Persons age 55 and older who have been screened by the county and found to be eligible for services under the elderly waiver or community alternatives for disabled individuals or who are already eligible for Medicaid but meet level of care criteria for receipt of waiver services may choose to enroll in the PACE program. Medicare and Medicaid services will be provided according to this subdivision and federal Medicare and Medicaid requirements governing PACE providers and programs. PACE enrollees will receive Medicaid home and community-based services through the PACE provider as an alternative to services for which they would otherwise be eligible through home and community-based waiver programs and Medicaid State Plan Services. The commissioner shall establish Medicaid rates for PACE providers that do not exceed costs that would have been incurred under fee-for-service or other relevant managed care programs operated by the state.

(f) The commissioner shall seek federal approval to expand the Minnesota disability health options (MnDHO) program established under this subdivision in stages, first to regional population centers outside the seven-county metro area and then to all areas of the state. Until January 1, 2008, expansion for MnDHO projects that include home and community-based services is limited to the two projects and service areas in effect on March 1, 2006. Enrollment in integrated MnDHO programs that include home and community-based services shall remain voluntary. Costs for home and community-based services included under MnDHO must not exceed costs that would have been incurred under the fee-for-service program. In developing program specifications for expansion of integrated programs, the commissioner shall involve and consult the state-level stakeholder group established in subdivision 28, paragraph (d), including consultation on whether and how to include home and community-based waiver programs. Plans for further expansion of MnDHO projects shall be presented to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007.

(g) Notwithstanding section 256B.0261, health plans providing services under this section are responsible for home care targeted case management and relocation targeted case management. Services must be provided according to the terms of the waivers and contracts approved by the federal government.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 30. Minnesota Statutes 2004, section 256B.69, is amended by adding a subdivision to read:

Subd. 28. Medicare special needs plans and medical assistance basic health care for persons with disabilities. (a) The commissioner may contract with qualified Medicare-approved special needs plans to provide medical assistance basic health care services to persons with disabilities, including those with developmental disabilities. Basic health care services include:

(1) those services covered by the medical assistance state plan except for ICF/MR services, home and community-based waiver services, case management for persons with developmental disabilities under section 256B.0625, subdivision 20a, and personal care and certain home care services defined by the commissioner in consultation with the stakeholder group established under paragraph (d); and

(2) basic health care services may also include risk for up to 100 days of nursing facility services for persons who reside in a noninstitutional setting and home health services related to rehabilitation as defined by the commissioner after consultation with the stakeholder group.

The commissioner may exclude other medical assistance services from the basic health care benefit set. Enrollees in these plans can access any excluded services on the same basis as other medical assistance recipients who have not enrolled.

Unless a person is otherwise required to enroll in managed care, enrollment in these plans for Medicaid services must be voluntary. For purposes of this subdivision, automatic enrollment with an option to opt out is not voluntary enrollment.

(b) Beginning January 1, 2007, the commissioner may contract with qualified Medicare special needs plans to provide basic health care services under medical assistance to persons who are dually eligible for both Medicare and Medicaid and those Social Security beneficiaries eligible for Medicaid but in the waiting period for Medicare. The commissioner shall consult with the stakeholder group under paragraph (d) in developing program specifications for these services. The commissioner shall report to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007, on implementation of these programs and the need for increased funding for the ombudsman for managed care and other consumer assistance and protections needed due to enrollment in managed care of persons with disabilities. Payment for Medicaid services provided under this subdivision for the months of May and June will be made no earlier than July 1 of the same calendar year.

(c) Beginning January 1, 2008, the commissioner may expand contracting under this subdivision to all persons with disabilities not otherwise required to enroll in managed care.

(d) The commissioner shall establish a state-level stakeholder group to provide advice on managed care programs for persons with disabilities, including both MnDHO and contracts with special needs plans that provide basic health care services as described in paragraphs (a) and (b). The stakeholder group shall provide advice on program expansions under this subdivision and subdivision 23, including:

(1) implementation efforts;

(2) consumer protections; and

(3) program specifications such as quality assurance measures, data collection and reporting, and evaluation of costs, quality, and results.

(e) Each plan under contract to provide medical assistance basic health care services shall establish a local or regional stakeholder group, including representatives of the counties covered by the plan, members, consumer advocates, and providers, for advice on issues that arise in the local or regional area.

Sec. 31. Laws 2005, First Special Session chapter 4, article 7, section 55, is amended to read:

Sec. 55. **COMMUNITY SERVICES PROVIDER RATE INCREASES** (a) The commissioner of human services shall increase reimbursement rates or rate limits, as applicable, by 2.2553 percent for the rate period beginning October 1, 2005, and the rate period beginning October 1, 2006, effective for services rendered on or after those dates.

(b) The 2.2553 percent annual rate increase described in this section must be provided to:

(1) home and community-based waived services for persons with mental retardation or related conditions, including consumer directed community supports, under Minnesota Statutes, section 256B.501;

(2) home and community-based waived services for the elderly under Minnesota Statutes, section 256B.0915;

(3) waived services under community alternatives for disabled individuals under Minnesota Statutes, section 256B.49;

(4) community alternative care waived services, including consumer directed community supports, under Minnesota Statutes, section 256B.49;

(5) traumatic brain injury waived services, including consumer directed community supports, under Minnesota Statutes, section 256B.49;

(6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;

(7) personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a;

(8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;

(9) day training and habilitation services for adults with mental retardation or related conditions under Minnesota Statutes, sections 252.40 to 252.46;

(10) alternative care services under Minnesota Statutes, section 256B.0913;

(11) adult residential program grants under Minnesota Rules, parts 9535.2000 to 9535.3000;

(12) adult and family community support grants under Minnesota Rules, parts 9535.1700 to 9535.1760;

(13) the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a;

(14) adult mental health integrated fund grants under Minnesota Statutes, section 245.4661;

(15) semi-independent living services under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I;

(16) community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication;

(17) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living;

(18) physical therapy services under sections 256B.0625, subdivision 8, and 256D.03, subdivision 4;

(19) occupational therapy services under sections 256B.0625, subdivision 8a, and 256D.03, subdivision 4;

(20) speech-language therapy services under section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0390; and

(21) respiratory therapy services under section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0295.

(c) For services funded through Minnesota disability health options, the rate increase under this section shall apply to all medical assistance payments, including former group residential housing supplementary rates under Minnesota Statutes, chapter 256I.

~~(d)~~ (d) Providers that receive a rate increase under this section shall use 75 percent of the additional revenue to increase wages and benefits and pay associated costs for all employees, except for management fees, the administrator, and central office staffs. The wage adjustment eligible employees may receive may vary based on merit, seniority, or other factors determined by the provider.

~~(e)~~ (e) For public employees, the increase for wages and benefits for certain staff is available and pay rates shall be increased only to the extent that they comply with laws governing public employees collective bargaining. Money received by a provider for pay increases under this section may be used only for increases implemented on or after the first day of the rate period in which the increase is available and must not be used for increases implemented prior to that date.

~~(f)~~ (f) A copy of the provider's plan for complying with paragraph ~~(d)~~ (d) must be made available to all employees by giving each employee a copy or by posting a copy in an area of the provider's operation to which all employees have access. If an employee does not receive the adjustment, if any, described in the plan and is unable to resolve the problem with the provider, the employee may contact the employee's union representative. If the employee is not covered by a collective bargaining agreement, the employee may contact the commissioner at a telephone number provided by the commissioner and included in the provider's plan.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 32. Laws 2005, First Special Session chapter 4, article 9, section 5, subdivision 8, is amended to read:

Subd. 8. **Board of Nursing**

3,078,000

3,631,000

BASE ADJUSTMENT. The base for the board of nursing is increased by \$141,000 in fiscal year 2008 and by \$216,000 in fiscal year 2009.

BOARD OF NURSING APPROPRIATIONS INCREASE. Of this appropriation, \$120,000 the first year and \$126,000 the second year are for the increased cost of board operations, excluding salary increases and \$85,000 each year is to hire an advanced practice registered nurse.

TRANSFERS FROM SPECIAL REVENUE FUND. Of this appropriation, the following transfers shall be made as directed from the state government special revenue fund:

(a) \$392,000 in fiscal year 2006, \$864,000 in fiscal year 2007, \$930,000 in fiscal year 2008, and \$930,000 in fiscal year 2009 shall be transferred to the general fund and is appropriated to the Department of Human Services to offset the state share of the medical assistance program costs of the long-term care and home and community-based care employee scholarship program and associated administrative costs. At the end of each biennium, any funds not expended for the scholarship program and associated administrative costs shall be ~~transferred to the state government special revenue fund~~ carried over to the next biennium for the same purpose. Notwithstanding section 15, this paragraph expires June 30, ~~2009~~ 2011.

(b) \$125,000 the first year and \$200,000 the second year shall be transferred to the health professional education loan forgiveness program account for loan forgiveness for nurses under Minnesota Statutes, section 144.1501. This appropriation shall become part of base level funding for the commissioner for the biennium beginning July 1, 2007, but shall not be part of base level funding for the biennium beginning July 1, 2009. Notwithstanding section 15, this paragraph expires on June 30, 2009.

Sec. 33. **STAKEHOLDER PARTICIPATION.**

The commissioner of human services shall confer with one or more stakeholder groups of interested persons, including representatives of recipients, advocacy groups, counties, providers, and health plans to provide information and advice on the development of any substantial proposals for changes in the medical assistance program authorized by the federal Deficit Reduction Act of 2005, Public Law 109-171. In addition, for any substantial Deficit Reduction Act-related medical assistance change that affects recipients and that is proposed outside of the legislative or rulemaking process, the commissioner shall convene a stakeholder meeting and provide a 30-day comment period before the change becomes effective. If the

time frame required to comply with a federal mandate precludes the 30-day advance notice, notice shall be given to the stakeholder group as soon as possible.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 34. ICF/MR PLAN.

The commissioner of human services shall consult with ICF/MR providers, advocates, counties, and consumer families to develop a stakeholder plan and legislation concerning the future services provided to people served in ICFs/MR. The plan shall be reported to the house and senate committees with jurisdiction over health and human services policy and finance issues by December 15, 2008. In preparing the plan, the commissioner shall consider:

- (1) consumer choice of services;
- (2) consumers' service needs, including, but not limited to, active treatment;
- (3) the total cost of providing services in ICFs/MR and alternative delivery systems for individuals currently residing in ICFs/MR;
- (4) the impact of the payment shift to counties for ICFs/MR with more than six beds;
- (5) whether it is the policy of the state to maintain an ICF/MR system and, if so, the plan shall:
 - (i) define the purpose, types of services, and intended recipients of ICF/MR services;
 - (ii) define the capacity needed to maintain ICF/MR services for designated populations;
 - (iii) evaluate incentives for counties to maintain ICF/MR services;
 - (iv) ensure that mechanisms are provided to adequately fund the transition to the defined services, maintain the designated capacity, and are adjustable to meet increased service demands; and
 - (v) address the extent to which there is consensus among stakeholders; and
- (6) if alternative services are recommended to support the people now receiving services in an ICF/MR, the plan shall provide for transition planning and ensure adequate state and federal financial resources are available to meet the needs of ICF/MR recipients.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 35. ADDITIONAL WAIVER ALLOCATIONS.

Notwithstanding the waiver growth limits in Laws 2005, First Special Session chapter 4, article 9, section 2, paragraph (d), the commissioner may allocate an additional waiver allocation under Minnesota Statutes, section 256B.49, for a recipient of personal care assistant services who is eligible for and chooses waived services and received personal care assistant services from a provider who was billing for a service delivery model for that recipient other than individual or shared care on March 1, 2006.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 36. REPORT ON NEW CASE MIX INDICES.

The commissioner of human services shall report to the legislature by December 15, 2006, recommendations on the weighting and implementation of case mix indices.

Sec. 37. REPAYMENT DELAY.

A county that overspent its allowed amounts in calendar year 2004 or 2005 under the waived services program for persons with developmental disabilities shall not be required to pay back the amount of overspending until May 31, 2007.

ARTICLE 21

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 2005, First Special Session chapter 4, and are appropriated from the general fund, or 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 figures "2006" and "2007" used in this article means that the appropriation or appropriations listed are available for the respective fiscal year ending June 30, 2006 or June 30, 2007.

SUMMARY BY FUND

| | | <u>2006</u> | | <u>2007</u> |
|---------------------------|----|---------------|----|--------------|
| <u>General Fund</u> | \$ | (58,333,000) | \$ | (17,589,000) |
| <u>Health Care Access</u> | | (44,511,000) | | (62,360,000) |
| <u>TANF</u> | | (13,807,000) | | (3,866,000) |
| <u>TOTAL</u> | \$ | (116,651,000) | \$ | (83,815,000) |

Sec. 2. COMMISSIONER OF HUMAN SERVICES

| | | | | |
|---|----|---------------|----|--------------|
| <u>Subdivision 1. Total Appropriation</u> | \$ | (116,651,000) | \$ | (83,815,000) |
|---|----|---------------|----|--------------|

Summary by Fund

| | | |
|---------------------------|--------------|--------------|
| <u>General</u> | (58,333,000) | (17,589,000) |
| <u>Health Care Access</u> | (44,511,000) | (62,360,000) |
| <u>TANF</u> | (13,807,000) | (3,866,000) |

Subd. 2. Revenue and Pass-Through

| | | |
|-------------|-------------|-------------|
| <u>TANF</u> | (1,446,000) | (1,177,000) |
|-------------|-------------|-------------|

Subd. 3. Children and Economic Assistance Grants

| | | |
|----------------|--------------|-------------|
| <u>General</u> | (4,469,000) | 1,785,000 |
| <u>TANF</u> | (12,361,000) | (2,689,000) |

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

(a) Minnesota Family Investment Program

| | | |
|----------------|---------------------|--------------------|
| <u>General</u> | <u>6,048,000</u> | <u>(393,000)</u> |
| <u>TANF</u> | <u>(12,361,000)</u> | <u>(2,689,000)</u> |

(b) MFIP Child Care Assistance Grants

| | | |
|---------------------|--------------------|------------------|
| <u>General Fund</u> | <u>(5,090,000)</u> | <u>2,751,000</u> |
|---------------------|--------------------|------------------|

| | | |
|-------------------------------|------------------|------------------|
| <u>(c) General Assistance</u> | <u>2,540,000</u> | <u>3,947,000</u> |
|-------------------------------|------------------|------------------|

| | | |
|---------------------------------------|------------------|----------------|
| <u>(d) Minnesota Supplemental Aid</u> | <u>(285,000)</u> | <u>551,000</u> |
|---------------------------------------|------------------|----------------|

| | | |
|--------------------------------------|--------------------|--------------------|
| <u>(e) Group Residential Housing</u> | <u>(7,682,000)</u> | <u>(5,071,000)</u> |
|--------------------------------------|--------------------|--------------------|

Subd. 4. Basic Health Care Grants

| | | |
|----------------|---------------------|-------------------|
| <u>General</u> | <u>(19,022,000)</u> | <u>10,499,000</u> |
|----------------|---------------------|-------------------|

| | | |
|---------------------------|---------------------|---------------------|
| <u>Health Care Access</u> | <u>(44,511,000)</u> | <u>(62,360,000)</u> |
|---------------------------|---------------------|---------------------|

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

(a) MinnesotaCare

| | | |
|---------------------------|---------------------|---------------------|
| <u>Health Care Access</u> | <u>(44,511,000)</u> | <u>(62,360,000)</u> |
|---------------------------|---------------------|---------------------|

(b) MA Basic Health Care - Families and Children

| | | |
|----------------|---------------------|---------------------|
| <u>General</u> | <u>(29,882,000)</u> | <u>(54,401,000)</u> |
|----------------|---------------------|---------------------|

(c) MA Basic Health Care - Elderly and Disabled

| | | |
|----------------|--------------------|-------------------|
| <u>General</u> | <u>(2,857,000)</u> | <u>33,179,000</u> |
|----------------|--------------------|-------------------|

(d) General Assistance Medical Care

| | | |
|----------------|-------------------|-------------------|
| <u>General</u> | <u>13,717,000</u> | <u>31,721,000</u> |
|----------------|-------------------|-------------------|

Subd. 5. Continuing Care Grants

| | | |
|----------------|---------------------|---------------------|
| <u>General</u> | <u>(34,842,000)</u> | <u>(29,873,000)</u> |
|----------------|---------------------|---------------------|

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

(a) MA Long-Term Care Waivers

| | | |
|----------------|---------------------|---------------------|
| <u>General</u> | <u>(23,368,000)</u> | <u>(35,953,000)</u> |
|----------------|---------------------|---------------------|

(b) MA Long-Term Care Facilities

| | | |
|----------------|---------------------|--------------------|
| <u>General</u> | <u>(16,251,000)</u> | <u>(5,202,000)</u> |
|----------------|---------------------|--------------------|

(c) Chemical Dependency Entitlement Grants

| | | |
|----------------|------------------|-------------------|
| <u>General</u> | <u>4,777,000</u> | <u>11,282,000</u> |
|----------------|------------------|-------------------|

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 22**HEALTH AND HUMAN SERVICES APPROPRIATIONS**Section 1. **HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2005, First Special Session chapter 4, article 9, or other law to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2006" and "2007" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year 2007. "The biennium" is fiscal years 2006 and 2007. Supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, are effective the day following final enactment.

SUMMARY BY FUND

| | <u>2006</u> | | <u>2007</u> | | <u>TOTAL</u> |
|---------------------------|---------------|----|-------------|----|--------------|
| <u>General</u> | \$ 30,989,000 | \$ | 75,663,000 | \$ | 106,652,000 |
| <u>Health Care Access</u> | -0- | | 6,116,000 | | 6,116,000 |
| <u>Special Revenue</u> | 514,000 | | 762,000 | | 1,276,000 |
| <u>Federal TANF</u> | 7,484,000 | | 416,000 | | 7,900,000 |
| <u>TOTAL</u> | \$ 38,987,000 | \$ | 82,957,000 | \$ | 121,944,000 |

APPROPRIATIONS
Available for the Year
Ending June 30

| | |
|-------------|-------------|
| <u>2006</u> | <u>2007</u> |
|-------------|-------------|

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

| | | |
|--|-------------------|-------------------|
| <u>Subdivision 1. Total Appropriation</u> | <u>36,025,000</u> | <u>71,905,000</u> |
|--|-------------------|-------------------|

Summary by Fund

| | | |
|---------------------------|-------------------|-------------------|
| <u>General</u> | <u>28,541,000</u> | <u>66,873,000</u> |
| <u>Health Care Access</u> | <u>-0-</u> | <u>4,616,000</u> |
| <u>TANF</u> | <u>7,484,000</u> | <u>416,000</u> |

Subd. 2. **Health Care Grants**

(a) MinnesotaCare Grants

| | | |
|---------------------------|------------|--------------------|
| <u>Health Care Access</u> | <u>-0-</u> | <u>(1,792,000)</u> |
|---------------------------|------------|--------------------|

(b) Medical Assistance Basic Health Care - Families and Children

| | | |
|----------------|------------|---------------|
| <u>General</u> | <u>-0-</u> | <u>75,000</u> |
|----------------|------------|---------------|

| | | |
|---------------------------|------------|------------------|
| <u>Health Care Access</u> | <u>-0-</u> | <u>3,532,000</u> |
|---------------------------|------------|------------------|

(c) Medical Assistance - Elderly and Disabled

| | | |
|----------------|------------|------------------|
| <u>General</u> | <u>-0-</u> | <u>(399,000)</u> |
|----------------|------------|------------------|

(d) General Assistance Medical Care

| | | |
|----------------|------------|------------------|
| <u>General</u> | <u>-0-</u> | <u>2,108,000</u> |
|----------------|------------|------------------|

**MEDICAL ASSISTANCE CRITICAL ACCESS
DENTAL PAYMENTS RATES.**

(a) Notwithstanding Minnesota Statutes, section 256B.76, paragraph (c), for dental services rendered on or after October 1, 2006, to June 30, 2007, under the medical assistance program, the commissioner shall increase reimbursement to dentists and dental clinics deemed by the commissioner to be critical access providers by 38 percent above the reimbursement rate that would otherwise be paid to the provider.

(b) The commissioner shall adjust payments to health plans for services provided from January 1, 2007, to June 30, 2007, to reflect the increase in paragraph (a).

(c) Notwithstanding Minnesota Statutes, section 295.581, the commissioner of finance shall reimburse the medical assistance general fund account from

the health care access fund the amount of medical assistance expenditures related to paragraphs (a) and (b), that are in excess of expenditures under Minnesota Statutes, section 256B.76, paragraph (c). The amounts reimbursed under this section are appropriated to the commissioner.

(d) By February 15, 2007, the commissioner shall report to the legislature on the results of higher payments to critical access dental providers and with recommendations on funding sources to continue these higher payments in effect after June 30, 2007.

(e) Notwithstanding any provision to the contrary in this article, this provision shall expire June 30, 2008.

Subd. 3. Health Care Management

(a) Health Care Administration

| | | |
|---------------------------|------------|------------------|
| <u>General</u> | <u>-0-</u> | <u>1,278,000</u> |
| <u>Health Care Access</u> | <u>-0-</u> | <u>336,000</u> |

HEALTH CARE ADMINISTRATION BASE LEVEL ADJUSTMENT. The general fund base for health care administration shall be decreased by \$94,000 for fiscal year 2008 and shall be decreased by \$641,000 for fiscal year 2009.

HEALTH CARE ADMINISTRATION BASE LEVEL ADJUSTMENT. The health care access fund base for health care administration shall be decreased by \$35,000 for fiscal year 2008 and shall be decreased by \$336,000 for fiscal year 2009.

(b) Health Care Operations

| | | |
|---------------------------|------------|------------------|
| <u>General</u> | <u>-0-</u> | <u>28,000</u> |
| <u>Health Care Access</u> | <u>-0-</u> | <u>1,092,000</u> |

HEALTH CARE OPERATIONS BASE LEVEL ADJUSTMENT. The general fund base for health care operations shall be decreased by \$4,000 for fiscal year 2008 and shall be increased by \$66,000 for fiscal year 2009.

HEALTH CARE OPERATIONS BASE LEVEL ADJUSTMENT. The health care access fund base for health care operations shall be decreased by \$662,000 for fiscal year 2008 and shall be decreased by \$662,000 for fiscal year 2009.

Subd. 4. Continuing Care Grants**(a) Alternative Care Grants**

| | | |
|----------------|------------|------------------|
| <u>General</u> | <u>-0-</u> | <u>1,669,000</u> |
|----------------|------------|------------------|

ALTERNATIVE CARE GRANTS BASE LEVEL ADJUSTMENT. The general fund base for alternative care grants shall be decreased by \$869,000 for fiscal year 2008 and shall be decreased by \$1,252,000 for fiscal year 2009.

MEDICARE PART D INFORMATION AND ASSISTANCE REIMBURSEMENT. Federal administrative reimbursement obtained from information and assistance services provided by the Senior Linkage or Disability Linkage lines to people who are identified as eligible for medical assistance shall be appropriated to the commissioner for this activity.

(b) Medical Assistance Long-term Care Facilities

| | | |
|----------------|------------|----------------|
| <u>General</u> | <u>-0-</u> | <u>228,000</u> |
|----------------|------------|----------------|

TEMPORARY RATE INCREASE. \$30,000 in fiscal year 2007 is for a temporary rate increase equivalent to six percent of the operating rate in effect on July 1, 2006, for a day training and habilitation provider in Meeker County providing services to up to 110 individuals. This rate increase shall be in effect only until June 30, 2007.

The commissioner of human services shall review the appropriateness of per diem rates for day training and habilitation services, including the reasonableness of rates paid to lower cost providers, and report the results to the legislature by January 15, 2007.

(c) Medical Assistance Long-Term Care Waivers

| | | |
|----------------|------------|----------------|
| <u>General</u> | <u>-0-</u> | <u>415,000</u> |
|----------------|------------|----------------|

(d) Mental Health Grants

| | | |
|---------------------------|------------|----------------|
| <u>Health Care Access</u> | <u>-0-</u> | <u>750,000</u> |
|---------------------------|------------|----------------|

MENTAL HEALTH INFRASTRUCTURE. Of this appropriation, \$750,000 is for adult mental health infrastructure grants.

MENTAL HEALTH GRANTS BASE LEVEL ADJUSTMENT. The general fund base for mental

health grants shall be decreased by \$750,000 for fiscal year 2009.

Subd. 5. Continuing Care Management

Summary by Fund

| | | |
|---------------------------|------------|----------------|
| <u>General</u> | <u>-0-</u> | <u>93,000</u> |
| <u>Health Care Access</u> | <u>-0-</u> | <u>448,000</u> |

OUTCOMES AND TRACKING. Of this appropriation, \$448,000 in fiscal year 2007 and \$324,000 in fiscal year 2008 is to implement the mental health services outcomes and mental health tracking systems.

CONTINUING CARE MANAGEMENT BASE LEVEL ADJUSTMENT. The general fund base for continuing care management shall be increased by \$10,000 for fiscal year 2008 and shall be increased by \$20,000 for fiscal year 2009.

CONTINUING CARE MANAGEMENT BASE LEVEL ADJUSTMENT. The health care access fund base for continuing care management shall be decreased by \$124,000 for fiscal year 2008 and shall be decreased by \$448,000 for fiscal year 2009.

Subd. 6. State-Operated Services

| | | |
|----------------|-------------------|-------------------|
| <u>General</u> | <u>36,395,000</u> | <u>54,920,000</u> |
|----------------|-------------------|-------------------|

MINNESOTA SECURITY HOSPITAL. For the purposes of enhancing the safety of the public, improving supervision, and enhancing community-based mental health treatment, state-operated services may establish additional community capacity for providing treatment and supervision of clients who have been ordered into a less restrictive alternative of care from the state-operated services transition services program consistent with Minnesota Statutes, section 246.014.

STATE-OPERATED SERVICES BASE ADJUSTMENT. The general fund base for state-operated services is increased by \$8,699,000 in fiscal year 2008 and decreased by \$925,000 in fiscal year 2009.

Subd. 7. Children and Economic Assistance Grants

(a) MFIP-DWP Grants

| | | |
|---------------------|--------------------|--------------------|
| <u>General</u> | <u>(7,484,000)</u> | <u>7,484,000</u> |
| <u>Federal TANF</u> | <u>7,484,000</u> | <u>(7,484,000)</u> |

(b) MFIP Child Care Assistance Grants

| | | |
|---------------------|------------|------------------|
| <u>General</u> | <u>-0-</u> | <u>62,000</u> |
| <u>Federal TANF</u> | <u>-0-</u> | <u>7,856,000</u> |

CHILD CARE AND DEVELOPMENT FUND; FEDERAL DEFICIT REDUCTION ACT OF 2005. Increased child care funds from the federal Deficit Reduction Act of 2005 may be allocated by the commissioner for the basic sliding fee child care program.

CHILD CARE ABSENT DAY LIMITS. \$62,000 in fiscal year 2007 is appropriated from the general fund to the commissioner of human services for the MFIP/transition year child care program for the purposes of Minnesota Statutes, section 119B.13, subdivision 7. The general fund base for MFIP child care assistance grants under Minnesota Statutes, section 119B.05, is increased by \$103,000 in fiscal year 2008 and by \$102,000 in fiscal year 2009.

INCREASE TANF TRANSFER TO FEDERAL CHILD CARE AND DEVELOPMENT FUND. In addition to the TANF amounts provided in Laws 2005, First Special Session chapter 4, article 9, section 2, subdivisions 3 and 4, \$7,856,000 in fiscal year 2007 is appropriated to the commissioner for the purposes of MFIP transition year child care under Minnesota Statutes, section 119B.05. The commissioner shall authorize transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to the federal child care and development fund regulations.

TANF MAINTENANCE OF EFFORT. Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 1, the commissioner shall ensure that for fiscal year 2007, the maintenance of effort used by the commissioner of finance for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under the TANF/MOE rider in Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 1, paragraph (a), clause (1),

equal to at least 21 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

INCREASE WORKING FAMILY CREDIT EXPENDITURES TO BE CLAIMED FOR TANF/MOE. In addition to the amounts provided in Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 1, the commissioner may count the following amounts of working family credit expenditures as TANF/MOE:

- (1) fiscal year 2006, \$9,858,000;
- (2) fiscal year 2007, \$0;
- (3) fiscal year 2008, \$4,269,000; and
- (4) fiscal year 2009, \$4,888,000.

Notwithstanding any section in this article to the contrary, this paragraph sunsets June 30, 2009.

(c) Children's Service Grants

General

-0-

250,000

MENTAL HEALTH CRISIS INFRASTRUCTURE. Of this appropriation, \$250,000 is from the health care access fund for children's mental health crisis infrastructure.

CHILDREN'S SERVICES GRANTS BASE LEVEL ADJUSTMENT. The health care access fund base for children's services grants shall be decreased by \$250,000 for fiscal year 2009.

CHILDREN'S AND COMMUNITY SERVICES GRANTS. Notwithstanding Minnesota Statutes, section 256M.50, supplemental social service block grant funds of \$153,936 appropriated under the federal 2005 Department of Defense Appropriations Act, Public Law 109-148, shall be allocated proportionately to those counties that served hurricane evacuees and reported those services on the Social Service Information System.

BASIC SLIDING FEE ALLOCATIONS; CONVERSION TO AUTOMATED PAYMENT SYSTEM. As determined by the commissioner, counties may use up to six percent of either calendar year 2008 or 2009 allocations under Minnesota Statutes, section 119B.03, to fund accelerated payments that may occur during the preceding calendar year during conversion to the automated child care assistance program system. If conversion

occurs over two calendar years, counties may use up to three percent of the combined calendar year allocations to fund accelerated payments. Funding advanced under this paragraph shall be considered part of the allocation from which it was originally advanced for purposes of setting future allocations under Minnesota Statutes, section 119B.03, subdivisions 6, 6a, 6b, and 8, and shall include funding for administrative costs under Minnesota Statutes, section 119B.15. Notwithstanding any contrary provisions in this article, this paragraph shall sunset on December 31, 2009.

(d) Group Residential Housing

| | | |
|----------------|------------|----------------|
| <u>General</u> | <u>-0-</u> | <u>168,000</u> |
|----------------|------------|----------------|

MENTAL HEALTH PILOT. This appropriation is for the mental health pilot program for unsheltered individuals in Ramsey County and Hennepin County.

(e) Other Children and Economic Assistance Grants

| | | |
|----------------|------------------|------------------|
| <u>General</u> | <u>(370,000)</u> | <u>(461,000)</u> |
|----------------|------------------|------------------|

MINNESOTA FOOD ASSISTANCE PROGRAM.

(a) The general fund appropriations for the Minnesota Food Assistance Program under Minnesota Statutes, section 256D.053, are reduced by \$370,000 in fiscal year 2006 and \$491,000 in fiscal year 2007.

(b) The general fund appropriation for the Minnesota food assistance program is increased by \$30,000 in fiscal year 2007 for the added program cost of the food stamp asset limit changes under Minnesota Statutes, section 256D.0515. The general fund base for the Minnesota food assistance program is increased by \$61,000 in fiscal year 2008 and \$61,000 in fiscal year 2009.

OTHER CHILDREN'S AND ECONOMIC ASSISTANCE GRANTS BASE LEVEL ADJUSTMENT. The general fund base for other children's and economic assistance grants shall be increased by \$31,000 for fiscal year 2008 and shall be increased by \$31,000 for fiscal year 2009.

Subd. 8. Children and Economic Assistance Management

Summary by Fund

| | | |
|---------------------|------------|---------------|
| <u>General</u> | <u>-0-</u> | <u>35,000</u> |
| <u>Federal TANF</u> | <u>-0-</u> | <u>44,000</u> |

FOOD STAMP ASSET LIMIT. \$16,000 in fiscal year 2007 is appropriated from the general fund to the commissioner of human services for the systems cost of implementing the food stamp asset limit changes included under Minnesota Statutes, section 256D.0515. This is a onetime appropriation.

DOMESTIC VIOLENCE INFORMATIONAL BROCHURE. \$44,000 in fiscal year 2007 is appropriated from federal TANF funds to the commissioner of human services for producing the domestic violence informational brochure under Minnesota Statutes, section 256.029. This appropriation is added to the agency's base.

CHILDREN AND ECONOMIC ASSISTANCE OPERATIONS BASE LEVEL ADJUSTMENT. The general fund base for children and economic assistance operations shall be decreased by \$35,000 for fiscal year 2008 and shall be decreased by \$35,000 for fiscal year 2009.

Sec. 3. **COMMISSIONER OF HEALTH**

| | | |
|---|------------|------------------|
| <u>Subdivision 1. Total Appropriation</u> | <u>-0-</u> | <u>6,640,000</u> |
|---|------------|------------------|

Subd. 2. Policy Quality and ComplianceSummary by Fund

| | | |
|---|------------|------------------|
| <u>State Government Special Revenue</u> | <u>-0-</u> | <u>140,000</u> |
| <u>Health Care Access</u> | <u>-0-</u> | <u>1,500,000</u> |

INJUNCTIVE RELIEF. The commissioner of health shall present to the 2007 legislature, by December 15, 2006, recommendations to fund the cost of bringing actions for injunctive relief under Minnesota Statutes, section 144G.02, subdivision 2, paragraph (b).

HEALTH INFORMATION TECHNOLOGY. \$1,500,000 from the health care access fund is to

implement Minnesota Statutes, section 144.366. Up to \$200,000 is available for grant administration and health information technology technical assistance. This is a onetime appropriation.

Subd. 3. Health Protection

| | | |
|----------------|------------|------------------|
| <u>General</u> | <u>-0-</u> | <u>5,000,000</u> |
|----------------|------------|------------------|

PANDEMIC INFLUENZA PREPAREDNESS. \$5,000,000 from the general fund is for preparation, planning, and response to an outbreak of influenza. This is a onetime appropriation.

Sec. 4. VETERANS NURSING HOMES BOARD

| | | |
|----------------|------------------|------------------|
| <u>General</u> | <u>2,448,000</u> | <u>3,790,000</u> |
|----------------|------------------|------------------|

BASE ADJUSTMENT. The general fund base is increased by \$3,945,000 in fiscal year 2008 and \$3,945,000 in fiscal year 2009 for the Veterans Homes Board.

SURPRISE INSPECTIONS. The board shall contract for two mock, surprise inspections during each fiscal year at the Minneapolis facility.

QUALITY ASSURANCE. Of this appropriation, \$1,868,000 in fiscal year 2006 and \$2,159,000 in fiscal year 2007 is to supplement nursing staff at the Minneapolis facility. The board shall negotiate with state bargaining units to address wages, benefits, and the staffing skill mix in order to appropriately serve the acuity level of residents.

Sec. 5. HEALTH-RELATED BOARDS

| | | |
|---|----------------|----------------|
| <u>State Government Special Revenue</u> | <u>514,000</u> | <u>572,000</u> |
|---|----------------|----------------|

| | | |
|--|----------------|----------------|
| <u>Subdivision 1. Board of Medical Practice</u> | <u>500,000</u> | <u>500,000</u> |
|--|----------------|----------------|

This increase is to cover higher than expected costs of investigation and legal action. This is a onetime appropriation.

| | | |
|--|--------------|--------------|
| <u>Subd. 2. Board of Chiropractic Examiners</u> | <u>5,000</u> | <u>5,000</u> |
|--|--------------|--------------|

BOARD OF CHIROPRACTIC EXAMINERS APPROPRIATION INCREASE. This increase is to correct programming difficulties incurred during

implementation of payment processing changes. This is a onetime appropriation.* (The preceding subdivision was indicated as vetoed by the governor.)

| | | |
|------------------------------------|------------|---------------|
| Subd. 3. <u>Board of Dentistry</u> | <u>-0-</u> | <u>67,000</u> |
|------------------------------------|------------|---------------|

BOARD OF DENTISTRY APPROPRIATION INCREASE. This increase is to retain a legal analyst as part of the board staff.

| | | |
|---|--------------|------------|
| Subd. 4. <u>Board of Physical Therapy</u> | <u>9,000</u> | <u>-0-</u> |
|---|--------------|------------|

BOARD OF PHYSICAL THERAPY APPROPRIATION INCREASE. This increase is to correct programming difficulties incurred during implementation of payment processing changes. This is a onetime appropriation.

Sec. 6. EMERGENCY MEDICAL SERVICES BOARD

| | | |
|---|------------|---------------|
| <u>State Government Special Revenue</u> | <u>-0-</u> | <u>50,000</u> |
|---|------------|---------------|

EMERGENCY MEDICAL SERVICES BOARD APPROPRIATION INCREASE. This increase is to be spent by the health professional service program from the state government special revenue fund.

Sec. 7. [256.029] DOMESTIC VIOLENCE INFORMATIONAL BROCHURE.

(a) The commissioner shall provide a domestic violence informational brochure that provides information about the existence of domestic violence waivers for eligible public assistance applicants to all applicants of general assistance, general assistance medical care, Minnesota family investment program, medical assistance, and MinnesotaCare. The brochure must explain that eligible applicants may be temporarily waived from certain program requirements due to domestic violence. The brochure must provide information about services and other programs to help victims of domestic violence.

(b) The brochure must be funded with TANF funds.

EFFECTIVE DATE. This section is effective upon federal approval.

Sec. 8. [256D.0515] ASSET LIMITATIONS FOR FOOD STAMP HOUSEHOLDS.

All food stamp households must be determined eligible for the benefit discussed under section 256.029. Food stamp households must demonstrate that:

(1) their gross income meets the federal Food Stamp requirements under United States Code, title 7, section 2014(c); and

(2) they have financial resources, excluding vehicles, of less than \$7,000.

EFFECTIVE DATE. This section is effective upon federal approval.

Sec. 9. **SUNSET OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2007, unless a different expiration date is explicit.

Presented to the governor May 22, 2006

Signed by the governor June 2, 2006, 12:03 p.m.