

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 3138

(SENATE AUTHORS: HOFFMAN and Abeler)

DATE	D-PG	OFFICIAL STATUS
03/27/2023	2723	Introduction and first reading Referred to Health and Human Services See SF2995

1.1 A bill for an act

1.2 relating to human services; implementing Department of Human Services reporting

1.3 and licensing changes for a provider licensing and reporting hub; appropriating

1.4 money; amending Minnesota Statutes 2022, sections 245A.04, subdivisions 1, 7a;

1.5 245A.05; 245A.055, subdivision 2; 245A.06, subdivisions 1, 2, 4; 245A.07,

1.6 subdivision 3; 245A.16, by adding a subdivision; 245H.01, by adding a subdivision;

1.7 245H.03, subdivisions 2, 3, 4; 245H.06, subdivisions 1, 2; 245H.07, subdivisions

1.8 1, 2; 245I.20, subdivisions 10, 13, 14, 16; 260E.09; 270B.14, subdivision 1.

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

1.10 Section 1. Minnesota Statutes 2022, section 245A.04, subdivision 1, is amended to read:

1.11 Subdivision 1. **Application for licensure.** (a) An individual, organization, or government

1.12 entity that is subject to licensure under section 245A.03 must apply for a license. The

1.13 application must be made on the forms and in the manner prescribed by the commissioner.

1.14 The commissioner shall provide the applicant with instruction in completing the application

1.15 and provide information about the rules and requirements of other state agencies that affect

1.16 the applicant. An applicant seeking licensure in Minnesota with headquarters outside of

1.17 Minnesota must have a program office located within 30 miles of the Minnesota border.

1.18 An applicant who intends to buy or otherwise acquire a program or services licensed under

1.19 this chapter that is owned by another license holder must apply for a license under this

1.20 chapter and comply with the application procedures in this section and section 245A.03.

1.21 The commissioner shall act on the application within 90 working days after a complete

1.22 application and any required reports have been received from other state agencies or

1.23 departments, counties, municipalities, or other political subdivisions. The commissioner

1.24 shall not consider an application to be complete until the commissioner receives all of the

1.25 required information.

2.1 When the commissioner receives an application for initial licensure that is incomplete
2.2 because the applicant failed to submit required documents or that is substantially deficient
2.3 because the documents submitted do not meet licensing requirements, the commissioner
2.4 shall provide the applicant written notice that the application is incomplete or substantially
2.5 deficient. In the written notice to the applicant the commissioner shall identify documents
2.6 that are missing or deficient and give the applicant 45 days to resubmit a second application
2.7 that is substantially complete. An applicant's failure to submit a substantially complete
2.8 application after receiving notice from the commissioner is a basis for license denial under
2.9 section 245A.05.

2.10 (b) An application for licensure must identify all controlling individuals as defined in
2.11 section 245A.02, subdivision 5a, and must designate one individual to be the authorized
2.12 agent. The application must be signed by the authorized agent and must include the authorized
2.13 agent's first, middle, and last name; mailing address; and email address. By submitting an
2.14 application for licensure, the authorized agent consents to electronic communication with
2.15 the commissioner throughout the application process. The authorized agent must be
2.16 authorized to accept service on behalf of all of the controlling individuals. A government
2.17 entity that holds multiple licenses under this chapter may designate one authorized agent
2.18 for all licenses issued under this chapter or may designate a different authorized agent for
2.19 each license. Service on the authorized agent is service on all of the controlling individuals.
2.20 It is not a defense to any action arising under this chapter that service was not made on each
2.21 controlling individual. The designation of a controlling individual as the authorized agent
2.22 under this paragraph does not affect the legal responsibility of any other controlling individual
2.23 under this chapter.

2.24 (c) An applicant or license holder must have a policy that prohibits license holders,
2.25 employees, subcontractors, and volunteers, when directly responsible for persons served
2.26 by the program, from abusing prescription medication or being in any manner under the
2.27 influence of a chemical that impairs the individual's ability to provide services or care. The
2.28 license holder must train employees, subcontractors, and volunteers about the program's
2.29 drug and alcohol policy.

2.30 (d) An applicant and license holder must have a program grievance procedure that permits
2.31 persons served by the program and their authorized representatives to bring a grievance to
2.32 the highest level of authority in the program.

2.33 (e) The commissioner may limit communication during the application process to the
2.34 authorized agent or the controlling individuals identified on the license application and for
2.35 whom a background study was initiated under chapter 245C. Upon implementation of the

3.1 provider licensing and reporting hub, applicants and license holders must use the hub in the
3.2 manner prescribed by the commissioner. The commissioner may require the applicant,
3.3 except for child foster care, to demonstrate competence in the applicable licensing
3.4 requirements by successfully completing a written examination. The commissioner may
3.5 develop a prescribed written examination format.

3.6 (f) When an applicant is an individual, the applicant must provide:

3.7 (1) the applicant's taxpayer identification numbers including the Social Security number
3.8 or Minnesota tax identification number, and federal employer identification number if the
3.9 applicant has employees;

3.10 (2) at the request of the commissioner, a copy of the most recent filing with the secretary
3.11 of state that includes the complete business name, if any;

3.12 (3) if doing business under a different name, the doing business as (DBA) name, as
3.13 registered with the secretary of state;

3.14 (4) if applicable, the applicant's National Provider Identifier (NPI) number and Unique
3.15 Minnesota Provider Identifier (UMPI) number; and

3.16 (5) at the request of the commissioner, the notarized signature of the applicant or
3.17 authorized agent.

3.18 (g) When an applicant is an organization, the applicant must provide:

3.19 (1) the applicant's taxpayer identification numbers including the Minnesota tax
3.20 identification number and federal employer identification number;

3.21 (2) at the request of the commissioner, a copy of the most recent filing with the secretary
3.22 of state that includes the complete business name, and if doing business under a different
3.23 name, the doing business as (DBA) name, as registered with the secretary of state;

3.24 (3) the first, middle, and last name, and address for all individuals who will be controlling
3.25 individuals, including all officers, owners, and managerial officials as defined in section
3.26 245A.02, subdivision 5a, and the date that the background study was initiated by the applicant
3.27 for each controlling individual;

3.28 (4) if applicable, the applicant's NPI number and UMPI number;

3.29 (5) the documents that created the organization and that determine the organization's
3.30 internal governance and the relations among the persons that own the organization, have
3.31 an interest in the organization, or are members of the organization, in each case as provided
3.32 or authorized by the organization's governing statute, which may include a partnership

4.1 agreement, bylaws, articles of organization, organizational chart, and operating agreement,
4.2 or comparable documents as provided in the organization's governing statute; and

4.3 (6) the notarized signature of the applicant or authorized agent.

4.4 (h) When the applicant is a government entity, the applicant must provide:

4.5 (1) the name of the government agency, political subdivision, or other unit of government
4.6 seeking the license and the name of the program or services that will be licensed;

4.7 (2) the applicant's taxpayer identification numbers including the Minnesota tax
4.8 identification number and federal employer identification number;

4.9 (3) a letter signed by the manager, administrator, or other executive of the government
4.10 entity authorizing the submission of the license application; and

4.11 (4) if applicable, the applicant's NPI number and UMPI number.

4.12 (i) At the time of application for licensure or renewal of a license under this chapter, the
4.13 applicant or license holder must acknowledge on the form provided by the commissioner
4.14 if the applicant or license holder elects to receive any public funding reimbursement from
4.15 the commissioner for services provided under the license that:

4.16 (1) the applicant's or license holder's compliance with the provider enrollment agreement
4.17 or registration requirements for receipt of public funding may be monitored by the
4.18 commissioner as part of a licensing investigation or licensing inspection; and

4.19 (2) noncompliance with the provider enrollment agreement or registration requirements
4.20 for receipt of public funding that is identified through a licensing investigation or licensing
4.21 inspection, or noncompliance with a licensing requirement that is a basis of enrollment for
4.22 reimbursement for a service, may result in:

4.23 (i) a correction order or a conditional license under section 245A.06, or sanctions under
4.24 section 245A.07;

4.25 (ii) nonpayment of claims submitted by the license holder for public program
4.26 reimbursement;

4.27 (iii) recovery of payments made for the service;

4.28 (iv) disenrollment in the public payment program; or

4.29 (v) other administrative, civil, or criminal penalties as provided by law.

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

5.1 Sec. 2. Minnesota Statutes 2022, section 245A.04, subdivision 7a, is amended to read:

5.2 Subd. 7a. **Notification required.** (a) A license holder must notify the commissioner, in
5.3 a manner prescribed by the commissioner, and obtain the commissioner's approval before
5.4 making any change that would alter the license information listed under subdivision 7,
5.5 paragraph (a).

5.6 (b) A license holder must also notify the commissioner, in a manner prescribed by the
5.7 commissioner, before making any change:

5.8 (1) to the license holder's authorized agent as defined in section 245A.02, subdivision
5.9 3b;

5.10 (2) to the license holder's controlling individual as defined in section 245A.02, subdivision
5.11 5a;

5.12 (3) to the license holder information on file with the secretary of state;

5.13 (4) in the location of the program or service licensed under this chapter; and

5.14 (5) to the federal or state tax identification number associated with the license holder.

5.15 (c) When, for reasons beyond the license holder's control, a license holder cannot provide
5.16 the commissioner with prior notice of the changes in paragraph (b), clauses (1) to (3), the
5.17 license holder must notify the commissioner by the tenth business day after the change and
5.18 must provide any additional information requested by the commissioner.

5.19 (d) When a license holder notifies the commissioner of a change to the license holder
5.20 information on file with the secretary of state, the license holder must provide amended
5.21 articles of incorporation and other documentation of the change.

5.22 (e) Upon implementation of the provider licensing and reporting hub, license holders
5.23 must enter and update information in the hub in a manner prescribed by the commissioner.

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

5.25 Sec. 3. Minnesota Statutes 2022, section 245A.05, is amended to read:

5.26 **245A.05 DENIAL OF APPLICATION.**

5.27 (a) The commissioner may deny a license if an applicant or controlling individual:

5.28 (1) fails to submit a substantially complete application after receiving notice from the
5.29 commissioner under section 245A.04, subdivision 1;

5.30 (2) fails to comply with applicable laws or rules;

6.1 (3) knowingly withholds relevant information from or gives false or misleading
6.2 information to the commissioner in connection with an application for a license or during
6.3 an investigation;

6.4 (4) has a disqualification that has not been set aside under section 245C.22 and no
6.5 variance has been granted;

6.6 (5) has an individual living in the household who received a background study under
6.7 section 245C.03, subdivision 1, paragraph (a), clause (2), who has a disqualification that
6.8 has not been set aside under section 245C.22, and no variance has been granted;

6.9 (6) is associated with an individual who received a background study under section
6.10 245C.03, subdivision 1, paragraph (a), clause (6), who may have unsupervised access to
6.11 children or vulnerable adults, and who has a disqualification that has not been set aside
6.12 under section 245C.22, and no variance has been granted;

6.13 (7) fails to comply with section 245A.04, subdivision 1, paragraph (f) or (g);

6.14 (8) fails to demonstrate competent knowledge as required by section 245A.04, subdivision
6.15 6;

6.16 (9) has a history of noncompliance as a license holder or controlling individual with
6.17 applicable laws or rules, including but not limited to this chapter and chapters 119B and
6.18 245C;

6.19 (10) is prohibited from holding a license according to section 245.095; or

6.20 (11) for a family foster setting, has nondisqualifying background study information, as
6.21 described in section 245C.05, subdivision 4, that reflects on the individual's ability to safely
6.22 provide care to foster children.

6.23 (b) An applicant whose application has been denied by the commissioner must be given
6.24 notice of the denial, which must state the reasons for the denial in plain language. Notice
6.25 must be given by certified mail ~~or~~, by personal service, or through the provider licensing
6.26 and reporting hub. The notice must state the reasons the application was denied and must
6.27 inform the applicant of the right to a contested case hearing under chapter 14 and Minnesota
6.28 Rules, parts 1400.8505 to 1400.8612. When an order is issued through the hub, the applicant
6.29 or license holder is deemed to have received the order upon the date of issuance through
6.30 the hub. The applicant may appeal the denial by notifying the commissioner in writing by
6.31 certified mail ~~or~~, by personal service, or through the provider licensing and reporting hub.
6.32 If mailed, the appeal must be postmarked and sent to the commissioner within 20 calendar
6.33 days after the applicant received the notice of denial. If an appeal request is made by personal

7.1 service or through the hub, it must be received by the commissioner within 20 calendar days
7.2 after the applicant received the notice of denial. Section 245A.08 applies to hearings held
7.3 to appeal the commissioner's denial of an application.

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

7.5 Sec. 4. Minnesota Statutes 2022, section 245A.055, subdivision 2, is amended to read:

7.6 Subd. 2. **Reconsideration of closure.** If a license is closed, the commissioner must
7.7 notify the license holder of closure by certified mail ~~or~~, by personal service, or through the
7.8 provider licensing and reporting hub. If mailed, the notice of closure must be mailed to the
7.9 last known address of the license holder and must inform the license holder why the license
7.10 was closed and that the license holder has the right to request reconsideration of the closure.
7.11 If the license holder believes that the license was closed in error, the license holder may ask
7.12 the commissioner to reconsider the closure. The license holder's request for reconsideration
7.13 must be made in writing and must include documentation that the licensed program has
7.14 served a client in the previous 12 months. The request for reconsideration must be postmarked
7.15 and sent to the commissioner or submitted through the provider licensing and reporting hub
7.16 within 20 calendar days after the license holder receives the notice of closure. Upon
7.17 implementation of the provider licensing and reporting hub, the provider must use the hub
7.18 to request reconsideration. If the order is issued through the provider hub, the reconsideration
7.19 must be received by the commissioner within 20 calendar days from the date the
7.20 commissioner issued the order through the hub. A timely request for reconsideration stays
7.21 imposition of the license closure until the commissioner issues a decision on the request for
7.22 reconsideration.

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

7.24 Sec. 5. Minnesota Statutes 2022, section 245A.06, subdivision 1, is amended to read:

7.25 Subdivision 1. **Contents of correction orders and conditional licenses.** (a) If the
7.26 commissioner finds that the applicant or license holder has failed to comply with an
7.27 applicable law or rule and this failure does not imminently endanger the health, safety, or
7.28 rights of the persons served by the program, the commissioner may issue a correction order
7.29 and an order of conditional license to the applicant or license holder. When issuing a
7.30 conditional license, the commissioner shall consider the nature, chronicity, or severity of
7.31 the violation of law or rule and the effect of the violation on the health, safety, or rights of
7.32 persons served by the program. The correction order or conditional license must state the
7.33 following in plain language:

- 8.1 (1) the conditions that constitute a violation of the law or rule;
- 8.2 (2) the specific law or rule violated;
- 8.3 (3) the time allowed to correct each violation; and
- 8.4 (4) if a license is made conditional, the length and terms of the conditional license, and
- 8.5 the reasons for making the license conditional.

8.6 (b) Nothing in this section prohibits the commissioner from proposing a sanction as

8.7 specified in section 245A.07, prior to issuing a correction order or conditional license.

8.8 (c) The commissioner may issue a correction order and an order of conditional license

8.9 to the applicant or license holder through the provider licensing and reporting hub. When

8.10 an order is issued through the hub, the applicant or license holder is deemed to have received

8.11 the order upon the date of issuance through the hub.

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

8.13 Sec. 6. Minnesota Statutes 2022, section 245A.06, subdivision 2, is amended to read:

8.14 Subd. 2. **Reconsideration of correction orders.** (a) If the applicant or license holder

8.15 believes that the contents of the commissioner's correction order are in error, the applicant

8.16 or license holder may ask the Department of Human Services to reconsider the parts of the

8.17 correction order that are alleged to be in error. The request for reconsideration must be made

8.18 in writing and must be postmarked and sent to the commissioner or submitted in the provider

8.19 licensing and reporting hub within 20 calendar days after receipt of the correction order by

8.20 the applicant or license holder, and:

- 8.21 (1) specify the parts of the correction order that are alleged to be in error;
- 8.22 (2) explain why they are in error; and
- 8.23 (3) include documentation to support the allegation of error.

8.24 Upon implementation of the provider licensing and reporting hub, the provider must use

8.25 the hub to request reconsideration. A request for reconsideration does not stay any provisions

8.26 or requirements of the correction order. The commissioner's disposition of a request for

8.27 reconsideration is final and not subject to appeal under chapter 14.

8.28 (b) This paragraph applies only to licensed family child care providers. A licensed family

8.29 child care provider who requests reconsideration of a correction order under paragraph (a)

8.30 may also request, on a form and in the manner prescribed by the commissioner, that the

8.31 commissioner expedite the review if:

9.1 (1) the provider is challenging a violation and provides a description of how complying
9.2 with the corrective action for that violation would require the substantial expenditure of
9.3 funds or a significant change to their program; and

9.4 (2) describes what actions the provider will take in lieu of the corrective action ordered
9.5 to ensure the health and safety of children in care pending the commissioner's review of the
9.6 correction order.

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

9.8 Sec. 7. Minnesota Statutes 2022, section 245A.06, subdivision 4, is amended to read:

9.9 Subd. 4. **Notice of conditional license; reconsideration of conditional license.** (a) If
9.10 a license is made conditional, the license holder must be notified of the order by certified
9.11 mail ~~or~~, by personal service, or through the provider licensing and reporting hub. If mailed,
9.12 the notice must be mailed to the address shown on the application or the last known address
9.13 of the license holder. The notice must state the reasons the conditional license was ordered
9.14 and must inform the license holder of the right to request reconsideration of the conditional
9.15 license by the commissioner. The license holder may request reconsideration of the order
9.16 of conditional license by notifying the commissioner by certified mail ~~or~~, by personal service,
9.17 or through the provider licensing and reporting hub. The request must be made in writing.
9.18 If sent by certified mail, the request must be postmarked and sent to the commissioner within
9.19 ten calendar days after the license holder received the order. If a request is made by personal
9.20 service or through the hub, it must be received by the commissioner within ten calendar
9.21 days after the license holder received the order. The license holder may submit with the
9.22 request for reconsideration written argument or evidence in support of the request for
9.23 reconsideration. A timely request for reconsideration shall stay imposition of the terms of
9.24 the conditional license until the commissioner issues a decision on the request for
9.25 reconsideration. If the commissioner issues a dual order of conditional license under this
9.26 section and an order to pay a fine under section 245A.07, subdivision 3, the license holder
9.27 has a right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505
9.28 to 1400.8612. The scope of the contested case hearing shall include the fine and the
9.29 conditional license. In this case, a reconsideration of the conditional license will not be
9.30 conducted under this section. If the license holder does not appeal the fine, the license holder
9.31 does not have a right to a contested case hearing and a reconsideration of the conditional
9.32 license must be conducted under this subdivision.

9.33 (b) The commissioner's disposition of a request for reconsideration is final and not
9.34 subject to appeal under chapter 14.

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

10.2 Sec. 8. Minnesota Statutes 2022, section 245A.07, subdivision 3, is amended to read:

10.3 Subd. 3. **License suspension, revocation, or fine.** (a) The commissioner may suspend
10.4 or revoke a license, or impose a fine if:

10.5 (1) a license holder fails to comply fully with applicable laws or rules including but not
10.6 limited to the requirements of this chapter and chapter 245C;

10.7 (2) a license holder, a controlling individual, or an individual living in the household
10.8 where the licensed services are provided or is otherwise subject to a background study has
10.9 been disqualified and the disqualification was not set aside and no variance has been granted;

10.10 (3) a license holder knowingly withholds relevant information from or gives false or
10.11 misleading information to the commissioner in connection with an application for a license,
10.12 in connection with the background study status of an individual, during an investigation,
10.13 or regarding compliance with applicable laws or rules;

10.14 (4) a license holder is excluded from any program administered by the commissioner
10.15 under section 245.095; or

10.16 (5) revocation is required under section 245A.04, subdivision 7, paragraph (d).

10.17 A license holder who has had a license issued under this chapter suspended, revoked,
10.18 or has been ordered to pay a fine must be given notice of the action by certified mail ~~or~~, by
10.19 personal service, or through the provider licensing and reporting hub. If mailed, the notice
10.20 must be mailed to the address shown on the application or the last known address of the
10.21 license holder. The notice must state in plain language the reasons the license was suspended
10.22 or revoked, or a fine was ordered. When an order is issued through the hub, the applicant
10.23 or license holder is deemed to have received the order upon the date of issuance through
10.24 the hub.

10.25 (b) If the license was suspended or revoked, the notice must inform the license holder
10.26 of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts
10.27 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking
10.28 a license. The appeal of an order suspending or revoking a license must be made in writing
10.29 by certified mail ~~or~~, by personal service, or through the provider licensing and reporting
10.30 hub. If mailed, the appeal must be postmarked and sent to the commissioner within ten
10.31 calendar days after the license holder receives notice that the license has been suspended
10.32 or revoked. If a request is made by personal service or through the hub, it must be received
10.33 by the commissioner within ten calendar days after the license holder received the order.

11.1 Except as provided in subdivision 2a, paragraph (c), if a license holder submits a timely
11.2 appeal of an order suspending or revoking a license, the license holder may continue to
11.3 operate the program as provided in section 245A.04, subdivision 7, paragraphs (f) and (g),
11.4 until the commissioner issues a final order on the suspension or revocation.

11.5 (c)(1) If the license holder was ordered to pay a fine, the notice must inform the license
11.6 holder of the responsibility for payment of fines and the right to a contested case hearing
11.7 under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The appeal of an
11.8 order to pay a fine must be made in writing by certified mail ~~or~~, by personal service, or
11.9 through the provider licensing and reporting hub. If mailed, the appeal must be postmarked
11.10 and sent to the commissioner within ten calendar days after the license holder receives
11.11 notice that the fine has been ordered. If a request is made by personal service or through
11.12 the hub, it must be received by the commissioner within ten calendar days after the license
11.13 holder received the order.

11.14 (2) The license holder shall pay the fines assessed on or before the payment date specified.
11.15 If the license holder fails to fully comply with the order, the commissioner may issue a
11.16 second fine or suspend the license until the license holder complies. If the license holder
11.17 receives state funds, the state, county, or municipal agencies or departments responsible for
11.18 administering the funds shall withhold payments and recover any payments made while the
11.19 license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine
11.20 until the commissioner issues a final order.

11.21 (3) A license holder shall promptly notify the commissioner of human services, in writing,
11.22 when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the
11.23 commissioner determines that a violation has not been corrected as indicated by the order
11.24 to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify
11.25 the license holder by certified mail ~~or~~, by personal service, or through the provider licensing
11.26 and reporting hub that a second fine has been assessed. The license holder may appeal the
11.27 second fine as provided under this subdivision.

11.28 (4) Fines shall be assessed as follows:

11.29 (i) the license holder shall forfeit \$1,000 for each determination of maltreatment of a
11.30 child under chapter 260E or the maltreatment of a vulnerable adult under section 626.557
11.31 for which the license holder is determined responsible for the maltreatment under section
11.32 260E.30, subdivision 4, paragraphs (a) and (b), or 626.557, subdivision 9c, paragraph (c);

11.33 (ii) if the commissioner determines that a determination of maltreatment for which the
11.34 license holder is responsible is the result of maltreatment that meets the definition of serious

12.1 maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit
12.2 \$5,000;

12.3 (iii) for a program that operates out of the license holder's home and a program licensed
12.4 under Minnesota Rules, parts 9502.0300 to 9502.0445, the fine assessed against the license
12.5 holder shall not exceed \$1,000 for each determination of maltreatment;

12.6 (iv) the license holder shall forfeit \$200 for each occurrence of a violation of law or rule
12.7 governing matters of health, safety, or supervision, including but not limited to the provision
12.8 of adequate staff-to-child or adult ratios, and failure to comply with background study
12.9 requirements under chapter 245C; and

12.10 (v) the license holder shall forfeit \$100 for each occurrence of a violation of law or rule
12.11 other than those subject to a \$5,000, \$1,000, or \$200 fine in items (i) to (iv).

12.12 For purposes of this section, "occurrence" means each violation identified in the
12.13 commissioner's fine order. Fines assessed against a license holder that holds a license to
12.14 provide home and community-based services, as identified in section 245D.03, subdivision
12.15 1, and a community residential setting or day services facility license under chapter 245D
12.16 where the services are provided, may be assessed against both licenses for the same
12.17 occurrence, but the combined amount of the fines shall not exceed the amount specified in
12.18 this clause for that occurrence.

12.19 (5) When a fine has been assessed, the license holder may not avoid payment by closing,
12.20 selling, or otherwise transferring the licensed program to a third party. In such an event, the
12.21 license holder will be personally liable for payment. In the case of a corporation, each
12.22 controlling individual is personally and jointly liable for payment.

12.23 (d) Except for background study violations involving the failure to comply with an order
12.24 to immediately remove an individual or an order to provide continuous, direct supervision,
12.25 the commissioner shall not issue a fine under paragraph (c) relating to a background study
12.26 violation to a license holder who self-corrects a background study violation before the
12.27 commissioner discovers the violation. A license holder who has previously exercised the
12.28 provisions of this paragraph to avoid a fine for a background study violation may not avoid
12.29 a fine for a subsequent background study violation unless at least 365 days have passed
12.30 since the license holder self-corrected the earlier background study violation.

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

13.1 Sec. 9. Minnesota Statutes 2022, section 245A.16, is amended by adding a subdivision to
13.2 read:

13.3 Subd. 10. **Licensing and reporting hub.** Upon implementation of the provider licensing
13.4 and reporting hub, county staff who perform licensing functions must use the hub in the
13.5 manner prescribed by the commissioner.

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

13.7 Sec. 10. Minnesota Statutes 2022, section 245H.01, is amended by adding a subdivision
13.8 to read:

13.9 Subd. 4a. **Certification holder contact person.** "Certification holder contact person"
13.10 means an individual designated by the organization who:

13.11 (1) oversees all center operators for the organization;

13.12 (2) acts as the authorized agent for background studies required in section 245H.10; and

13.13 (3) is authorized to be the designated contact person for communicating with the
13.14 commissioner regarding all items pursuant to chapter 245H.

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

13.16 Sec. 11. Minnesota Statutes 2022, section 245H.03, subdivision 2, is amended to read:

13.17 Subd. 2. **Application submission.** The commissioner shall provide application
13.18 instructions and information about the rules and requirements of other state agencies that
13.19 affect the applicant. The certification application must be submitted in a manner prescribed
13.20 by the commissioner. Upon implementation of the provider licensing and reporting hub,
13.21 applicants must use the hub in the manner prescribed by the commissioner. The commissioner
13.22 shall act on the application within 90 working days of receiving a completed application.

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

13.24 Sec. 12. Minnesota Statutes 2022, section 245H.03, subdivision 3, is amended to read:

13.25 Subd. 3. **Incomplete applications.** When the commissioner receives an application for
13.26 initial certification that is incomplete because the applicant failed to submit required
13.27 documents or is deficient because the documents submitted do not meet certification
13.28 requirements, the commissioner shall provide the applicant written notice that the application
13.29 is incomplete or deficient. In the notice, the commissioner shall identify documents that are
13.30 missing or deficient and give the applicant 45 days to resubmit a second application that is

14.1 complete. An applicant's failure to submit a complete application after receiving notice from
14.2 the commissioner is basis for certification denial. For purposes of this section, when a denial
14.3 order is issued through the provider licensing and reporting hub, the applicant is deemed to
14.4 have received the order upon the date of issuance through the hub.

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

14.6 Sec. 13. Minnesota Statutes 2022, section 245H.03, subdivision 4, is amended to read:

14.7 Subd. 4. **Reconsideration of certification denial.** (a) The applicant may request
14.8 reconsideration of the denial by notifying the commissioner by certified mail ~~or~~, by personal
14.9 service, or through the provider licensing and reporting hub. The request must be made in
14.10 writing. If sent by certified mail, the request must be postmarked and sent to the
14.11 commissioner within 20 calendar days after the applicant received the order. If a request is
14.12 made by personal service or through the hub, it must be received by the commissioner within
14.13 20 calendar days after the applicant received the order. The applicant may submit with the
14.14 request for reconsideration a written argument or evidence in support of the request for
14.15 reconsideration.

14.16 (b) The commissioner's disposition of a request for reconsideration is final and not
14.17 subject to appeal under chapter 14.

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

14.19 Sec. 14. Minnesota Statutes 2022, section 245H.06, subdivision 1, is amended to read:

14.20 Subdivision 1. **Correction order requirements.** (a) If the applicant or certification
14.21 holder failed to comply with a law or rule, the commissioner may issue a correction order.
14.22 The correction order must state:

14.23 (1) the condition that constitutes a violation of the law or rule;

14.24 (2) the specific law or rule violated; and

14.25 (3) the time allowed to correct each violation.

14.26 (b) The commissioner may issue a correction order to the applicant or certification holder
14.27 through the provider licensing and reporting hub. When an order is issued through the hub,
14.28 the applicant or certification is deemed to have received the order upon the date of issuance
14.29 through the hub.

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

15.1 Sec. 15. Minnesota Statutes 2022, section 245H.06, subdivision 2, is amended to read:

15.2 Subd. 2. **Reconsideration request.** (a) If the applicant or certification holder believes
15.3 that the commissioner's correction order is erroneous, the applicant or certification holder
15.4 may ask the commissioner to reconsider the part of the correction order that is allegedly
15.5 erroneous. A request for reconsideration must be made in writing, and postmarked, or
15.6 submitted through the provider licensing and reporting hub, and sent to the commissioner
15.7 within 20 calendar days after the applicant or certification holder received the correction
15.8 order, and must:

15.9 (1) specify the part of the correction order that is allegedly erroneous;

15.10 (2) explain why the specified part is erroneous; and

15.11 (3) include documentation to support the allegation of error.

15.12 (b) A request for reconsideration does not stay any provision or requirement of the
15.13 correction order. The commissioner's disposition of a request for reconsideration is final
15.14 and not subject to appeal.

15.15 (c) Upon implementation of the provider licensing and reporting hub, the provider must
15.16 use the hub to request reconsideration.

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

15.18 Sec. 16. Minnesota Statutes 2022, section 245H.07, subdivision 1, is amended to read:

15.19 Subdivision 1. **Generally.** (a) The commissioner may decertify a center if a certification
15.20 holder:

15.21 (1) failed to comply with an applicable law or rule;

15.22 (2) knowingly withheld relevant information from or gave false or misleading information
15.23 to the commissioner in connection with an application for certification, in connection with
15.24 the background study status of an individual, during an investigation, or regarding compliance
15.25 with applicable laws or rules; or

15.26 (3) has authorization to receive child care assistance payments revoked pursuant to
15.27 chapter 119B.

15.28 (b) When considering decertification, the commissioner shall consider the nature,
15.29 chronicity, or severity of the violation of law or rule.

15.30 (c) When a center is decertified, the center is ineligible to receive a child care assistance
15.31 payment under chapter 119B.

16.1 (d) The commissioner may issue a decertification order to a certification holder through
16.2 the provider licensing and reporting hub. When an order is issued through the hub, the
16.3 certification holder is deemed to have received the order upon the date of issuance through
16.4 the hub.

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

16.6 Sec. 17. Minnesota Statutes 2022, section 245H.07, subdivision 2, is amended to read:

16.7 Subd. 2. **Reconsideration of decertification.** (a) The certification holder may request
16.8 reconsideration of the decertification by notifying the commissioner by certified mail ~~or~~₂
16.9 by personal service, or through the provider licensing and reporting hub. The request must
16.10 be made in writing. If sent by certified mail, the request must be postmarked and sent to the
16.11 commissioner within 20 calendar days after the certification holder received the order. If a
16.12 request is made by personal service or through the hub, it must be received by the
16.13 commissioner within 20 calendar days after the certification holder received the order. With
16.14 the request for reconsideration, the certification holder may submit a written argument or
16.15 evidence in support of the request for reconsideration.

16.16 (b) The commissioner's disposition of a request for reconsideration is final and not
16.17 subject to appeal under chapter 14.

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

16.19 Sec. 18. Minnesota Statutes 2022, section 245I.20, subdivision 10, is amended to read:

16.20 Subd. 10. **Application procedures.** (a) The applicant for certification must submit any
16.21 documents that the commissioner requires on forms approved by the commissioner. Upon
16.22 implementation of the provider licensing and reporting hub, applicants must use the hub in
16.23 the manner prescribed by the commissioner.

16.24 (b) Upon submitting an application for certification, an applicant must pay the application
16.25 fee required by section 245A.10, subdivision 3.

16.26 (c) The commissioner must act on an application within 90 working days of receiving
16.27 a completed application.

16.28 (d) When the commissioner receives an application for initial certification that is
16.29 incomplete because the applicant failed to submit required documents or is deficient because
16.30 the submitted documents do not meet certification requirements, the commissioner must
16.31 provide the applicant with written notice that the application is incomplete or deficient. In
16.32 the notice, the commissioner must identify the particular documents that are missing or

17.1 deficient and give the applicant 45 days to submit a second application that is complete. An
 17.2 applicant's failure to submit a complete application within 45 days after receiving notice
 17.3 from the commissioner is a basis for certification denial.

17.4 (e) The commissioner must give notice of a denial to an applicant when the commissioner
 17.5 has made the decision to deny the certification application. In the notice of denial, the
 17.6 commissioner must state the reasons for the denial in plain language. The commissioner
 17.7 must send or deliver the notice of denial to an applicant by certified mail ~~or~~, by personal
 17.8 service, or through the provider licensing and reporting hub. When an order is issued through
 17.9 the hub, the applicant is deemed to have received the order upon the date of issuance through
 17.10 the hub. In the notice of denial, the commissioner must state the reasons that the
 17.11 commissioner denied the application and must inform the applicant of the applicant's right
 17.12 to request a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505
 17.13 to 1400.8612. The applicant may appeal the denial by notifying the commissioner in writing
 17.14 by certified mail ~~or~~, by personal service, or through the provider licensing and reporting
 17.15 hub. If mailed, the appeal must be postmarked and sent to the commissioner within 20
 17.16 calendar days after the applicant received the notice of denial. If an applicant delivers an
 17.17 appeal by personal service or through the hub, the commissioner must receive the appeal
 17.18 within 20 calendar days after the applicant received the notice of denial.

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

17.20 Sec. 19. Minnesota Statutes 2022, section 245I.20, subdivision 13, is amended to read:

17.21 Subd. 13. **Correction orders.** (a) If the applicant or certification holder fails to comply
 17.22 with a law or rule, the commissioner may issue a correction order. The correction order
 17.23 must state:

17.24 (1) the condition that constitutes a violation of the law or rule;

17.25 (2) the specific law or rule that the applicant or certification holder has violated; and

17.26 (3) the time that the applicant or certification holder is allowed to correct each violation.

17.27 (b) If the applicant or certification holder believes that the commissioner's correction
 17.28 order is erroneous, the applicant or certification holder may ask the commissioner to
 17.29 reconsider the part of the correction order that is allegedly erroneous. An applicant or
 17.30 certification holder must make a request for reconsideration in writing. The request must
 17.31 be postmarked and sent to the commissioner or submitted in the provider licensing and
 17.32 reporting hub within 20 calendar days after the applicant or certification holder received
 17.33 the correction order; and the request must:

18.1 (1) specify the part of the correction order that is allegedly erroneous;

18.2 (2) explain why the specified part is erroneous; and

18.3 (3) include documentation to support the allegation of error.

18.4 (c) A request for reconsideration does not stay any provision or requirement of the
18.5 correction order. The commissioner's disposition of a request for reconsideration is final
18.6 and not subject to appeal.

18.7 (d) If the commissioner finds that the applicant or certification holder failed to correct
18.8 the violation specified in the correction order, the commissioner may decertify the certified
18.9 mental health clinic according to subdivision 14.

18.10 (e) Nothing in this subdivision prohibits the commissioner from decertifying a mental
18.11 health clinic according to subdivision 14.

18.12 (f) The commissioner may issue a correction order to the applicant or certification holder
18.13 through the provider licensing and reporting hub. When an order is issued through the hub,
18.14 the applicant or certification holder is deemed to have received the order upon the date of
18.15 issuance through the hub.

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

18.17 Sec. 20. Minnesota Statutes 2022, section 245I.20, subdivision 14, is amended to read:

18.18 Subd. 14. **Decertification.** (a) The commissioner may decertify a mental health clinic
18.19 if a certification holder:

18.20 (1) failed to comply with an applicable law or rule; or

18.21 (2) knowingly withheld relevant information from or gave false or misleading information
18.22 to the commissioner in connection with an application for certification, during an
18.23 investigation, or regarding compliance with applicable laws or rules.

18.24 (b) When considering decertification of a mental health clinic, the commissioner must
18.25 consider the nature, chronicity, or severity of the violation of law or rule and the effect of
18.26 the violation on the health, safety, or rights of clients.

18.27 (c) If the commissioner decertifies a mental health clinic, the order of decertification
18.28 must inform the certification holder of the right to have a contested case hearing under
18.29 chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The commissioner may
18.30 issue the order through the provider licensing and reporting hub. When an order is issued
18.31 through the hub, the certification holder is deemed to have received the order upon the date

19.1 of issuance through the hub. The certification holder may appeal the decertification. The
19.2 certification holder must appeal a decertification in writing and send or deliver the appeal
19.3 to the commissioner by certified mail ~~or~~, by personal service, or through the provider
19.4 licensing and reporting hub. If the certification holder mails the appeal, the appeal must be
19.5 postmarked and sent to the commissioner within ten calendar days after the certification
19.6 holder receives the order of decertification. If the certification holder delivers an appeal by
19.7 personal service or through the hub, the commissioner must receive the appeal within ten
19.8 calendar days after the certification holder received the order. If a certification holder submits
19.9 a timely appeal of an order of decertification, the certification holder may continue to operate
19.10 the program until the commissioner issues a final order on the decertification.

19.11 (d) If the commissioner decertifies a mental health clinic pursuant to paragraph (a),
19.12 clause (1), based on a determination that the mental health clinic was responsible for
19.13 maltreatment, and if the certification holder appeals the decertification according to paragraph
19.14 (c), and appeals the maltreatment determination under section 260E.33, the final
19.15 decertification determination is stayed until the commissioner issues a final decision regarding
19.16 the maltreatment appeal.

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

19.18 Sec. 21. Minnesota Statutes 2022, section 245I.20, subdivision 16, is amended to read:

19.19 Subd. 16. **Notifications required and noncompliance.** (a) A certification holder must
19.20 notify the commissioner, in a manner prescribed by the commissioner, and obtain the
19.21 commissioner's approval before making any change to the name of the certification holder
19.22 or the location of the mental health clinic. Upon implementation of the provider licensing
19.23 and reporting hub, certification holders must enter and update information in the hub in a
19.24 manner prescribed by the commissioner.

19.25 (b) Changes in mental health clinic organization, staffing, treatment, or quality assurance
19.26 procedures that affect the ability of the certification holder to comply with the minimum
19.27 standards of this section must be reported in writing by the certification holder to the
19.28 commissioner within 15 days of the occurrence. Review of the change must be conducted
19.29 by the commissioner. A certification holder with changes resulting in noncompliance in
19.30 minimum standards must receive written notice and may have up to 180 days to correct the
19.31 areas of noncompliance before being decertified. Interim procedures to resolve the
19.32 noncompliance on a temporary basis must be developed and submitted in writing to the
19.33 commissioner for approval within 30 days of the commissioner's determination of the
19.34 noncompliance. Not reporting an occurrence of a change that results in noncompliance

20.1 within 15 days, failure to develop an approved interim procedure within 30 days of the
20.2 determination of the noncompliance, or nonresolution of the noncompliance within 180
20.3 days will result in immediate decertification.

20.4 (c) The mental health clinic may be required to submit written information to the
20.5 department to document that the mental health clinic has maintained compliance with this
20.6 section and mental health clinic procedures.

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

20.8 Sec. 22. Minnesota Statutes 2022, section 260E.09, is amended to read:

20.9 **260E.09 REPORTING REQUIREMENTS.**

20.10 (a) An oral report shall be made immediately by telephone or otherwise. An oral report
20.11 made by a person required under section 260E.06, subdivision 1, to report shall be followed
20.12 within 72 hours, exclusive of weekends and holidays, by a report in writing to the appropriate
20.13 police department, the county sheriff, the agency responsible for assessing or investigating
20.14 the report, or the local welfare agency.

20.15 (b) Any report shall be of sufficient content to identify the child, any person believed
20.16 to be responsible for the maltreatment of the child if the person is known, the nature and
20.17 extent of the maltreatment, and the name and address of the reporter. The local welfare
20.18 agency or agency responsible for assessing or investigating the report shall accept a report
20.19 made under section 260E.06 notwithstanding refusal by a reporter to provide the reporter's
20.20 name or address as long as the report is otherwise sufficient under this paragraph.

20.21 (c) Notwithstanding paragraph (a), upon implementation of the provider licensing and
20.22 reporting hub, an individual required to report under section 260E.06, subdivision 1, may
20.23 submit a written report in the hub in a manner prescribed by the commissioner and is not
20.24 required to make an oral report. Individuals submitting a report through the hub must comply
20.25 with the timelines in paragraph (a).

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

20.27 Sec. 23. Minnesota Statutes 2022, section 270B.14, subdivision 1, is amended to read:

20.28 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of
20.29 the commissioner of human services, the commissioner shall disclose return information
20.30 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the
20.31 extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

21.1 (b) Data that may be disclosed are limited to data relating to the identity, whereabouts,
21.2 employment, income, and property of a person owing or alleged to be owing an obligation
21.3 of child support.

21.4 (c) The commissioner of human services may request data only for the purposes of
21.5 carrying out the child support enforcement program and to assist in the location of parents
21.6 who have, or appear to have, deserted their children. Data received may be used only as set
21.7 forth in section 256.978.

21.8 (d) The commissioner shall provide the records and information necessary to administer
21.9 the supplemental housing allowance to the commissioner of human services.

21.10 (e) At the request of the commissioner of human services, the commissioner of revenue
21.11 shall electronically match the Social Security numbers and names of participants in the
21.12 telephone assistance plan operated under sections 237.69 to 237.71, with those of property
21.13 tax refund filers, and determine whether each participant's household income is within the
21.14 eligibility standards for the telephone assistance plan.

21.15 (f) The commissioner may provide records and information collected under sections
21.16 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid
21.17 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law
21.18 102-234. Upon the written agreement by the United States Department of Health and Human
21.19 Services to maintain the confidentiality of the data, the commissioner may provide records
21.20 and information collected under sections 295.50 to 295.59 to the Centers for Medicare and
21.21 Medicaid Services section of the United States Department of Health and Human Services
21.22 for purposes of meeting federal reporting requirements.

21.23 (g) The commissioner may provide records and information to the commissioner of
21.24 human services as necessary to administer the early refund of refundable tax credits.

21.25 (h) The commissioner may disclose information to the commissioner of human services
21.26 as necessary for income verification for eligibility and premium payment under the
21.27 MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical
21.28 assistance program under chapter 256B.

21.29 (i) The commissioner may disclose information to the commissioner of human services
21.30 necessary to verify whether applicants or recipients for the Minnesota family investment
21.31 program, general assistance, the Supplemental Nutrition Assistance Program (SNAP),
21.32 Minnesota supplemental aid program, and child care assistance have claimed refundable
21.33 tax credits under chapter 290 and the property tax refund under chapter 290A, and the
21.34 amounts of the credits.

22.1 (j) The commissioner may disclose information to the commissioner of human services
22.2 necessary to verify income for purposes of calculating parental contribution amounts under
22.3 section 252.27, subdivision 2a.

22.4 (k) The commissioner shall disclose information to the commissioner of human services
22.5 to verify the income and tax identification information of:

22.6 (1) an applicant under section 245A.04, subdivision 1;

22.7 (2) an applicant under section 245I.20;

22.8 (3) an applicant under section 245H.03;

22.9 (4) a license holder; or

22.10 (5) a certification holder.

22.11 **Sec. 24. APPROPRIATION; TECHNOLOGY SYSTEMS MODERNIZATION.**

22.12 \$79,907,000 in fiscal year 2024 and \$49,545,000 in fiscal year 2025 are appropriated
22.13 from the general fund to the commissioner of human services to update and modernize
22.14 technology systems and make other service delivery improvements to support the
22.15 administration of health and human services programs, programs that support children and
22.16 families, and direct care and treatment programs. The general fund base for this appropriation
22.17 is \$35,152,000 in fiscal year 2026 and \$33,038,000 in fiscal year 2027.