

1 Department of Public Welfare

2 Mental Health Bureau

3

4 Adopted Rules Governing Grants for Services to Adult Mentally

5 Ill Persons in Residential Facilities (12 MCAR SS 2.0120-2.0129)

6

7 Rules as Adopted

8 12 MCAR S 2.0120 Scope.

9 Rules 12 MCAR SS 2.0120-2.0129 apply to county boards that  
 10 apply individually or jointly to the Commissioner of Public  
 11 Welfare for a grant under Minnesota Statutes, section 245.73.  
 12 These grants are for eligible expenditures to be incurred by the  
 13 county, by an eligible residential facility with which the  
 14 county board contracts, or by a public or private organization  
 15 or a combination of public and private organizations with which  
 16 the eligible residential facility contracts.

17 12 MCAR S 2.0121 Definitions.

18 A. Scope. The terms used in 12 MCAR SS 2.0122-2.0129 have  
19 the meanings given them in B.-E.

20 B. Adult. "Adult" means a person who is 18 years old or  
21 older.

22 C. Commissioner. "Commissioner" means the Commissioner of  
23 Public Welfare or a designated representative.

24 D. County board. "County board" means the county board of  
25 commissioners or a designated representative.

26 E. Mentally ill person. "Mentally ill person" means a  
27 person who has been diagnosed by a physician, a licensed  
28 psychologist, or a licensed consulting psychologist as having a  
29 condition:

30 1. which results in an inability to interpret the  
31 environment realistically and in impaired functioning in primary  
32 aspects of daily living, such as personal relations, living  
33 arrangements, work, and recreation; or

34 2. which is listed in the code range 290, 293-302.9 or  
35 306-314.9 of the International Classification of Diseases,

3-31-83

1 (ICD-9-CM) issued by the National Center for Health Statistics  
2 (Ann Arbor, Michigan: Edwards Brothers, 1978) or in the  
3 corresponding code on Axes I, II, or III in the Diagnostic and  
4 Statistical Manual of Mental Disorders, (DSM-III) issued by the  
5 American Psychiatric Association (Washington, D.C., 1980).

6 12 MCAR S 2.0122 Allocation of grants.

7 A. Deadlines for applications. The commissioner shall set  
8 the deadlines for grant applications made under Minnesota  
9 Statutes, section 245.73. The commissioner shall inform county  
10 boards of the deadlines. If the commissioner establishes more  
11 than one review cycle, the term "deadline for applications" as  
12 used in B.3.-5. shall mean the deadline for the cycle in which  
13 application is made.

14 B. Priorities. In response to applications and budgets that  
15 meet the requirements of 12 MCAR S 2.0123 and 12 MCAR S 2.0124,  
16 the commissioner shall allocate grants to county boards for  
17 specific eligible facilities. If the appropriation is not  
18 sufficient to fund all applications, the commissioner shall use  
19 the following order of descending priorities:

20 1. facilities previously funded under Minnesota Statutes,  
21 section 245.73, unless otherwise indicated by law;

22 2. facilities operating on July 1, 1980;

23 3. facilities operating at the deadline for applications;

24 4. new facilities opening after the deadline for  
25 applications and planning to provide a Category I program, as  
26 defined in 12 MCAR S 2.036;

27 5. new facilities opening after the deadline for  
28 applications and planning to provide a Category II program, as  
29 defined in 12 MCAR S 2.036.

30 C. First consideration. In each priority, for the biennium  
31 ending June 30, 1983, the commissioner shall give first  
32 consideration to facilities within the Rochester State Hospital  
33 catchment area counties of Dakota, Dodge, Fillmore, Freeborn,  
34 Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and  
35 Winona.

36 D. More than one facility in a priority. If two or more

1 eligible facilities fall within the same priority and if the  
2 appropriation is not sufficient to fund all facilities within  
3 that priority, the commissioner shall allocate grants for those  
4 facilities which he or she deems most appropriate within the  
5 statewide continuum of care for adult mentally ill persons.

6 E. Eligible facilities. The commissioner shall limit grants  
7 to facilities that can show that they will:

8 1. submit a completed application for a license under 12  
9 MCAR S 2.036 within three months of the effective date of the  
10 grant award;

11 2. attain at least a provisional license under 12 MCAR S  
12 2.036 within six months of the effective date of the grant  
13 award; and

14 3. maintain the license for the remainder of the grant  
15 period.

16 F. Approval of applications and budgets. The commissioner  
17 shall base his or her approval of applications and budgets on  
18 the applications' and budgets' compliance with Minnesota  
19 Statutes, section 245.73 and 12 MCAR SS 2.0120-2.0129 and on the  
20 availability of funds within the allocation priorities in B.-D.

21 G. Compliance with other rules and laws. To the extent that  
22 the county board, its contracting facilities, and subcontractors  
23 are also subject to other laws and rules, they shall also meet  
24 the standards of those laws and rules to be eligible for a grant  
25 under Minnesota Statutes, section 245.73.

26 12 MCAR S 2.0123 Application criteria.

27 In order to qualify for a grant under Minnesota Statutes,  
28 section 245.73, the county board shall submit to the  
29 commissioner six completed copies of the application and  
30 budget. The county board shall complete a separately  
31 identifiable application for each facility for which a grant is  
32 requested. The application must at least:

33 A. describe the persons to be served under the grant;

34 B. state the measureable time-specified objectives to be  
35 accomplished with the grant (these objectives must comply with  
36 12 MCAR S 2.0122 E.);

- 1 C. explain how the requirements of 12 MCAR S 2.036 will be  
2 complied with;
- 3 D. explain how the proposed services will fit into the local  
4 continuum of care;
- 5 E. name the proposed sites and providers to be used;
- 6 F. explain how alternative service and funding resources,  
7 including public school community education programs, will be  
8 used to the maximum extent possible in meeting the requirements  
9 of 12 MCAR S 2.036;
- 10 G. explain how the county board will determine the  
11 effectiveness of the services in helping adult mentally ill  
12 persons remain and function in their own communities; and
- 13 H. briefly describe the evaluation results to date for  
14 facilities previously funded under Minnesota Statutes, section  
15 245.73.
- 16 12 MCAR S 2.0124 Budgets.
- 17 A. Income and expenditures. A budget must accompany each  
18 application for a grant under Minnesota Statutes, section 245.73  
19 and must be completed on budget forms provided by the  
20 commissioner. For each facility for which a grant is requested  
21 a separate budget must be submitted showing the total projected  
22 income and expenditures for that facility. Except for  
23 depreciation, the budget must represent projected cash  
24 transactions by the county, the facility, and the  
25 subcontractors. Straight-line depreciation, calculated  
26 according to generally accepted accounting principles, may be  
27 included if the purchase of the item being depreciated is not  
28 included as an expenditure in the budget for the current period  
29 or for any other budget periods.
- 30 B. Separate expenditure categories. Each budget must  
31 separate expenditures according to the following categories, as  
32 further defined in C.-F.:
- 33 1. room and board and previously funded program costs;  
34 2. new program costs separated into new direct service  
35 costs and other new program costs; and  
36 3. other costs including program costs for residents who

1 are not adult, not mentally ill, or not Minnesota residents as  
2 defined by Minnesota Statutes, section 256E.08, subdivision 7.

3 C. Room and board costs. Room and board costs must include  
4 the following costs:

5 1. all directly identifiable costs of normal and special  
6 diet food preparation and service;

7 2. all directly identifiable costs of linen, bedding,  
8 laundering, and laundry supplies;

9 3. all directly identifiable costs of housekeeping,  
10 including cleaning and lavatory supplies;

11 4. all directly identifiable costs for maintenance and  
12 operation of the building and grounds, including fuel,  
13 electricity, water, supplies, and parts and tools to repair and  
14 maintain equipment and facilities; and

15 5. a reasonable allocation of salaries and other costs  
16 related to 1.-4.

17 However, costs in 1.-5. which are new since June 1, 1981  
18 and which are required by 12 MCAR S 2.036 are other new program  
19 costs and are not room and board costs.

20 D. Previously funded program costs. Previously funded  
21 program costs must include costs for any services provided  
22 before June 1, 1981, at least at the level of funding used for  
23 those services during May 1981.

24 E. New direct service costs. Within the limits in 12 MCAR S  
25 2.0126 A., new direct service costs are the only costs which may  
26 be paid with state funds under Minnesota Statutes, section  
27 245.73. New direct service costs may include the following if  
28 the costs are required by 12 MCAR S 2.036 and if the costs are  
29 new since June 1, 1981:

30 1. salaries and related expenses including payroll taxes,  
31 health insurance, retirement contributions, telephone, personal  
32 liability insurance, postage, recruitment, staff training, and  
33 in-state travel of personnel providing services directly to  
34 adult mentally ill residents. Support personnel are included to  
35 the extent they perform client related duties such as client  
36 record keeping, individual program planning, and on-site program

1 supervision;

2       2. consumable supplies used by the personnel described in  
3 1. in performing client related duties and by clients in  
4 carrying out program activities; and

5       3. minor expenditures which are shown by the county board  
6 to be essential for the facility to meet requirements of 12 MCAR  
7 S 2.036, and which cannot be paid for from local matching funds.

8       F. Other new program costs. Other new program costs must  
9 include all new program costs other than those already included  
10 in new direct service costs. These costs must include, but not  
11 be limited to, the costs of renovation, construction or rent of  
12 buildings, and purchase or lease of vehicles or equipment, if  
13 these costs are new since June 1, 1981, and are required by 12  
14 MCAR S 2.036. These costs may be paid for with local matching  
15 funds, but may not be paid for with state funds provided under  
16 Minnesota Statutes, section 245.73.

17       G. Cost allocation. The application shall include an  
18 explanation of the allocation of indirect costs to the various  
19 budget categories.

20       H. Elimination or reduction in funds by state or federal  
21 government. If there has been a state or federal decision to  
22 reduce the previous level of funding for an existing program,  
23 expenditures which would otherwise be included under previously  
24 funded program costs may be included under new direct service  
25 costs or other new program costs. An application must include  
26 documentation of the elimination or reduction in funds by the  
27 state or federal government. If the previous funding was from a  
28 block grant type of funding source, the percentage reduction  
29 used for this exception must not exceed the average percentage  
30 reduction for all other services funded by the applicant county  
31 board from that funding source.

32       I. Limits on dollar amounts for items. The dollar amounts  
33 for the various items included in the budget must not exceed the  
34 prevailing cost of like items in the local county and the costs  
35 that prudent and cost-conscious management would pay for a given  
36 item or service.

1 J. Time frame for budget. The budget shall relate to a time  
2 period set by the county board within the time limits set by the  
3 appropriation.

4 K. Client-days. The budget shall include the projected  
5 number of client-days of service per facility and the projected  
6 cost per client per day.

7 12 MCAR S 2.0125 Lines of accountability and flow of funds.

8 A. Payments to the county board. The county board shall be  
9 the primary local entity responsible to the commissioner for use  
10 of all funds paid to it under Minnesota Statutes, section 245.73.  
11 The commissioner shall pay funds under Minnesota Statutes,  
12 section 245.73 solely to county boards submitting an application  
13 and budget approved under 12 MCAR S 2.0122 E. Payments shall be  
14 in the form of an initial advance, with subsequent quarterly  
15 payments contingent upon receipt of a completed quarterly  
16 financial report from the county board on forms provided by the  
17 commissioner. If actual expenditures by the county, its  
18 contracting facilities, and subcontractors are less than  
19 provided in the approved budget, the commissioner shall reduce  
20 the quarterly payments so that the grant remains within the  
21 limits in 12 MCAR S 2.0126 A.

22 B. Local review of applications. If a county board elects  
23 to apply for a grant under Minnesota Statutes, section 245.73,  
24 then before submission of the application and budget to the  
25 commissioner, the county board shall determine which facilities  
26 shall be included in the application and budget, and shall  
27 review and approve the completed application and budget.

28 C. Payment to the residential facility. Payment from the  
29 county board to the residential facility must be based on a  
30 contract between the county board and the facility. If this  
31 contract and the requirements of 12 MCAR SS 2.0120-2.0129 are  
32 complied with, the county board shall, except as provided in  
33 F.2., pay to the facility all funds received by the county board  
34 for that facility. The county board shall determine the method  
35 of payment to the facility.

36 D. County board and facility contract. The contract between

1 the county board and the facility must specify how the county  
2 board will monitor the facility's compliance with 12 MCAR SS  
3 2.0120-2.0129 and how the county board and the facility will  
4 monitor the subcontractors' compliance with 12 MCAR SS  
5 2.0120-2.0129.

6 E. Joint applications for a grant. If two or more county  
7 boards apply jointly for a grant, they shall designate a host  
8 county board that will carry out the responsibilities in A., C.,  
9 and D. The assignment of these responsibilities must be agreed  
10 to in a contract between the host county board and the other  
11 counties.

12 F. Other service providers. If funds under Minnesota  
13 Statutes, section 245.73 are to be used by a service provider  
14 other than the contracting facility in C., then:

15 1. the amount and planned use of those funds must be  
16 identified in the application and budget for the facility whose  
17 residents will receive the service; and

18 2. payments to the service provider must be based on a  
19 subcontract between the facility and the service provider. This  
20 subcontract must include an agreement by the service provider to  
21 comply with 12 MCAR SS 2.0120-2.0129. If the county board and  
22 the facility agree, payments may be made directly from the  
23 county board to the service provider.

24 12 MCAR S 2.0126 State and local shares.

25 A. Amount of grant. After approval of an application and  
26 budget, the commissioner shall award a grant equal to the lesser  
27 of 75 percent of the new program costs as defined in 12 MCAR S  
28 2.0124 B.2.; or the new direct service costs, as defined in 12  
29 MCAR S 2.0124 E.

30 B. Varying percentages of funds for more than one facility.  
31 A county board that applies for a grant for more than one  
32 facility may request varying percentages of state and local  
33 funds for each facility. The commissioner shall approve the  
34 request if the total request for all facilities for that county  
35 complies with A. and if state funds are used only for new direct  
36 service costs.



1 C. Amounts specified for each facility. The commissioner's  
2 award shall specify the amounts awarded for each facility.

3 D. Other income. If the county board, the facility, or the  
4 subcontractor receives any income other than county funds as a  
5 reimbursement for costs also funded through state or local  
6 matching funds under Minnesota Statutes, section 245.73, then:

7 1. except as provided in 3., the commissioner shall  
8 consider this income to be applied first to the local share;

9 2. if the income exceeds the local share of the approved  
10 new program costs, the commissioner shall reduce the state grant  
11 by whatever amount the income exceeds the local share; and

12 3. if the income is from state grants under 12 MCAR S  
13 2.014, the commissioner shall reduce the state grant under  
14 Minnesota Statutes, section 245.73. The amount of the reduction  
15 shall equal the amount by which the other state grants are  
16 paying for costs which are also funded by state or local  
17 matching funds under Minnesota Statutes, section 245.73.

18 12 MCAR S 2.0127 Reporting and maintenance of records.

19 A. Purpose. The county board, its contracting facilities,  
20 and subcontractors shall maintain records to document compliance  
21 with 12 MCAR SS 2.0120-2.0129 and with the objectives in the  
22 approved application.

23 B. Reporting forms. The county board shall use forms  
24 provided by the commissioner to report the use of funds under  
25 Minnesota Statutes, section 245.73, including the number and  
26 kinds of persons served, the cost of providing each service,  
27 results achieved, and other data deemed necessary by the  
28 commissioner. Wherever possible the commissioner shall use the  
29 same data which is required for reporting under 12 MCAR S 2.036  
30 and under the Community Social Services Act, Minnesota Statutes,  
31 chapter 256E. The commissioner shall use these reports and the  
32 evaluation from the county board to develop the report to the  
33 legislature required by Minnesota Statutes, section 245.73.

34 C. Financial records. The county board, its contracting  
35 facilities, and subcontractors shall maintain financial records,  
36 using generally accepted accounting principles, in a way so that

1 expenditures can be easily compared with the approved budget,  
2 that all sources of income can be readily identified, and that  
3 documentation is available for all expenditures.

4 D. Availability for audit inspection. The county board, its  
5 contracting facilities, and subcontractors shall make available  
6 for audit inspection all records required by this rule, upon  
7 request by the commissioner.

8 E. Minimum retention period. Unless an audit in process  
9 requires a longer retention period, the county board, its  
10 contracting facilities, and subcontractors shall use the  
11 following schedule in retaining a copy of all records required  
12 by this rule:

- 13 1. summary reports relating to the facility, at least ten  
14 years;
- 15 2. records of specific payments made and income received,  
16 at least ten years;
- 17 3. all other records, at least four years.

18 12 MCAR S 2.0128 Revision procedures for approved budgets and  
19 objectives.

20 A. Definitions. The terms "approved new program costs" and  
21 "approved objectives," as used in B.1. and C., mean those new  
22 program costs and objectives contained in an application for a  
23 grant approved by the commissioner under 12 MCAR S 2.0122 F.

24 B. Budget revision. After a grant award is made and as long  
25 as state funds are used for eligible expenditures under 12 MCAR  
26 SS 2.0120-2.0129, budget revisions, including transfers between  
27 approved facilities within a county, may be made under the  
28 following conditions:

29 1. Revisions totaling up to ten percent of a facility's  
30 approved new program costs may be made with county board  
31 approval only. Revisions totaling in excess of that amount  
32 require both county board and commissioner's approval.

33 2. All requests for budget revision approval must include  
34 the reason for the revision and a statement as to how the  
35 revision will affect program objectives.

36 C. Revision of objectives. Approved objectives may be

1 revised under the following conditions:

2 1. When a facility becomes aware that it will not be able  
3 to attain or maintain licensure as required by 12 MCAR S 2.0122  
4 E., it shall immediately notify the county board and the  
5 commissioner. The facility and the county board shall either:

6 a. immediately repay to the commissioner the remainder  
7 of the grant; or

8 b. obtain approval from the commissioner to meet the  
9 required objectives at a later date.

10 2. The commissioner shall grant the approval required  
11 under 1.b. if, in the commissioner's judgment:

12 a. the failure to meet the required objectives is due  
13 to circumstances beyond the control of the facility and the  
14 county board; and

15 b. the facility submits a realistic, time-specified  
16 plan which includes revised objectives to attain licensure under  
17 12 MCAR S 2.036 as soon as possible, but no later than 12 months  
18 from the effective date of the grant award.

19 3. The facility shall request county board and  
20 commissioner's approval at least 20 days prior to:

21 a. a change in licensed capacity;

22 b. a move to another location; or

23 c. a major change in programming, such as a change in  
24 the target population or a shift from internal to external  
25 provision of services.

26 4. The facility shall consult with the commissioner prior  
27 to hiring or changing the program director, to assure compliance  
28 with the qualifications in 12 MCAR S 2.036.

29 5. The facility shall notify the county board and the  
30 commissioner prior to a change in ownership.

31 6. The facility may revise objectives other than those  
32 relating to items in C.1.-3. without the commissioner's  
33 approval, as long as the revised objectives do not conflict with  
34 12 MCAR SS 2.0120-2.0129.

35 D. Delegation of county board approval. The county board  
36 may delegate its approval of budget and objective revisions if

1 the delegation is specified in the county board minutes.

2 E. Commissioner's approval. The commissioner shall not  
3 grant approval for revisions unless the revisions are consistent  
4 with 12 MCAR SS 2.0120-2.0129.

5 12 MCAR S 2.0129 Termination or return of a grant.

6 A. Funds not needed. If the commissioner determines that  
7 funds are not needed to implement the approved application, and  
8 if the county board agrees the funds are not needed, then the  
9 county board shall return the unneeded portion of the grant  
10 immediately.

11 B. Funds not properly used. If the commissioner determines  
12 that funds are not being used according to the approved  
13 application and budget, all or part of the grant may be  
14 terminated upon 30 days notice to the affected county board with  
15 a copy to the affected facility. The commissioner may require  
16 repayment of any funds not used according to the approved  
17 application and budget. If the commissioner receives a written  
18 appeal from the county board within the 30-day period,  
19 opportunity for a hearing pursuant to the Administrative  
20 Procedure Act, Minnesota Statutes, chapter 14, shall be provided  
21 before the grant is terminated or is required to be repaid. The  
22 30-day period shall begin upon the county board's receipt of the  
23 commissioner's notice by certified mail.

24 C. Use of returned funds. The commissioner may use the  
25 funds returned under A. or B. to make new awards for other  
26 applications and budgets approved under 12 MCAR S 2.0122 F.

27 D. Delayed payments. If the commissioner's grant award  
28 letter states that a grant payment is contingent upon compliance  
29 with specific conditions required by 12 MCAR SS 2.0120-2.0129;  
30 and if the affected county board, its contracting facilities, or  
31 subcontractors fail to meet the conditions, the commissioner may  
32 delay the grant payment until the conditions are met or until  
33 the conditions are revised through the process in 12 MCAR S  
34 2.0128. The commissioner shall not delay the payment longer  
35 than three months unless he or she first issues a grant  
36 termination notice pursuant to B. After this notice is issued,

1 the commissioner may continue to delay the payment until  
2 completion of the hearing provided in B.

3 E. Severability. If a paragraph or clause of a rule is  
4 declared void, the paragraph or clause is severable without  
5 effect to the other paragraphs or clauses in the rule.