

1 Department of Human Services

2

3 Adopted Permanent Rules Relating to State Grants for Mental

4 Health Services

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6 Rules as Adopted

7 9535.1700 PURPOSE.

8 Parts 9535.1700 to 9535.1760 establish standards for the
9 receipt and distribution of state grants allocated under
10 Minnesota Statutes, section 245.4886, to assist county boards in
11 the delivery of children's community-based mental health
12 services, and under Minnesota Statutes, section 256E.12, to
13 assist county boards in the delivery of adult community support
14 and case management services.

15 Use of state grants must be in accordance with Minnesota
16 Statutes, sections 245.4886 and 256E.12.

17 9535.1705 DEFINITIONS.

18 Subpart 1. **Scope.** Unless otherwise defined in this part,
19 the terms used in parts 9535.1700 to 9535.1760 have the meanings
20 given them in Minnesota Statutes, sections 245.462 and
21 245.4871. For the purposes of parts 9535.1700 to 9535.1760, the
22 terms defined in subparts 2 to 4 have the meanings given them.

23 Subp. 2. **Children's community-based mental health services.**
24 "Children's community-based mental health services" means the
25 services listed in Minnesota Statutes, section 245.4886,
26 subdivision 1.

27 Subp. 3. **County funds.** "County funds" means funds
28 available to a county through county levies, state block grants
29 under Minnesota Statutes, section 256E.06, federal block grants
30 under Minnesota Statutes, section 256E.07, family preservation
31 grants under Minnesota Statutes, section 256F.05, and state
32 revenues distributed in lieu of property taxes or other revenue
33 sharing.

34 Subp. 4. **Grant period.** "Grant period" means the time
35 period in the grant application approved by the commissioner.

1 9535.1710 ELIGIBILITY TO RECEIVE GRANT.

2 Only county boards that submit and obtain the
3 commissioner's approval for the grant application as required
4 under parts 9535.1700 to 9535.1760 are eligible to receive
5 grants under parts 9535.1700 to 9535.1760.

6 9535.1715 GRANT APPLICATION.

7 Subpart 1. **Application for grants.** A county board or two
8 or more county boards jointly applying for a grant under part
9 9535.1710 shall submit to the commissioner a grant application
10 that includes budget information for the use of the grant
11 funds. The grant application must be completed in the manner
12 prescribed on forms provided by the commissioner. Beginning
13 with calendar years 1994 and 1995, the grant application must be
14 part of the county board's biennial community social services
15 plan, except that any grant application for a special project
16 under part 9535.1730 need not be included in the county board's
17 biennial community social services plan.

18 Subp. 2. **County board signature or copy of approving**
19 **resolution.** As evidence of the county board's approval, the
20 grant application submitted to the commissioner by the county
21 board must be:

22 A. signed by the chair of the county board; or

23 B. accompanied by a copy of the county board
24 resolution approving the submission.

25 If two or more county boards jointly apply for a grant, the
26 chair of each county board participating in the joint
27 application shall either sign the grant application or submit a
28 copy of the county board's resolution approving the submission.

29 9535.1720 FUNDING CRITERIA.

30 The commissioner shall distribute grants to county boards
31 whose grant applications meet the criteria in items A to E.

32 A. The grant application must be consistent with the
33 respective mental health component of the county's community
34 social services plan required by Minnesota Statutes, section

1 256E.09, that is approved by the commissioner.

2 B. For grants to provide children's community-based
3 mental health services, the grant application must describe how
4 the county board is collaborating or will collaborate in the
5 development, funding, and delivery of children's community-based
6 mental health services with other agencies in the local system
7 of care.

8 C. The grant application must comply with parts
9 9535.1700 to 9535.1760 and with Minnesota Statutes, sections
10 245.461 to 245.4888.

11 D. In the grant application submitted to the
12 commissioner according to part 9535.1715, the county board shall
13 agree that:

14 (1) it considered the advice of the local adult
15 or children's mental health advisory council, or the adult or
16 children's mental health subcommittee of the existing local
17 mental health advisory council when developing the grant
18 application;

19 (2) it will consider the advice of the local
20 adult or children's mental health advisory council, or the adult
21 or children's mental health subcommittee of the existing local
22 mental health advisory council if the grant application is
23 amended;

24 (3) services will be provided in accordance with
25 the needs identified in each client's individual or family
26 community support plan;

27 (4) where available, the following will be used
28 instead of grant funds under parts 9535.1700 to 9535.1760:

29 (a) medical assistance, under Minnesota
30 Statutes, section 256B.0625;

31 (b) general assistance medical care, under
32 Minnesota Statutes, section 256D.03;

33 (c) the children's health plan, under
34 Minnesota Statutes, section 256.936;

35 (d) the health right plan, under Minnesota
36 Statutes, section 256.936;

1 (e) private insurance and other third-party
2 payors;

3 (f) client fees, under Minnesota Statutes,
4 section 245.481; and

5 (g) other funds; and

6 (5) the cost per unit of service as determined by
7 the commissioner will be comparable to the cost of similar
8 services in the same or similar local trade area. "Local trade
9 area" has the meaning given it in part 9505.0175, subpart 22.

10 E. The grant application must state that grant funds
11 will only be used for:

12 (1) the services specified in Minnesota Statutes,
13 section 245.4886, and as defined in Minnesota Statutes, section
14 245.4871; or

15 (2) the services specified in Minnesota Statutes,
16 section 256E.12, and as defined in Minnesota Statutes, section
17 245.462; and

18 (3) other services that:

19 (a) have minor costs;

20 (b) are essential for the provision of
21 services specified in Minnesota Statutes, section 245.4886 or
22 256E.12;

23 (c) cannot be paid for from the funds listed
24 in item D, subitem (4); and

25 (d) are approved by the commissioner.

26 If the commissioner determines that a grant application
27 merits funding but does not meet the criteria in parts 9535.1700
28 to 9535.1760, the commissioner shall specify the conditions the
29 grant application must meet in order to receive the grant.

30 9535.1725 DISTRIBUTION FORMULA.

31 At or before the beginning of the grant period, the
32 commissioner shall use the formulas in items A to F to
33 distribute grants under parts 9535.1700 to 9535.1760 to county
34 boards whose grant applications meet the requirements in parts
35 9535.1700 to 9535.1760.

1 A. Within the limits of the appropriations under
2 Minnesota Statutes, section 245.4886 or 256E.12, the
3 commissioner shall allocate to each county board whose grant
4 application is approved under part 9535.1720, the greater of the
5 following:

6 (1) an annual allocation equal to the county's
7 allocation for the preceding year, excluding any supplemental
8 funds reallocated from other counties, plus a cost of living
9 increase based on the legislative appropriation for that
10 purpose;

11 (2) at least \$22,000 annually for children with
12 severe emotional disturbance, or at least \$41,000 annually for
13 adults with serious and persistent mental illness; or

14 (3) \$2.25 per capita for children with severe
15 emotional disturbance, or \$2.10 per capita for adults with
16 serious and persistent mental illness. Per capita must be based
17 on the respective county adult or child population as determined
18 by the most recent data of the state demographer.

19 B. The amount under item A, subitem (1), does not
20 include special project funds under part 9535.1730 unless the
21 commissioner determines a special project is more appropriately
22 funded as part of the ongoing allocation under this part.

23 C. The commissioner shall increase the amounts in
24 item A, subitems (2) and (3), to the extent funds are available,
25 to enable more services to be provided as required by Minnesota
26 Statutes, sections 245.461 to 245.4888.

27 D. If the appropriations under this part are
28 decreased from the appropriations for the preceding year, then
29 the per-county allocations in item A must be decreased in the
30 same proportion as the decrease in the appropriation and must
31 not be adjusted to reflect new data of the state demographer.

32 E. If the appropriations under this part remain the
33 same as the appropriations in the preceding year, the per-county
34 allocations in item A must be the same as those in the preceding
35 year and must not be adjusted to reflect new data of the state
36 demographer.

1 F. Two or more county boards that apply jointly for a
2 grant shall receive a multicounty grant equal to the sum of the
3 individual county board allocations in items A to E. Actual
4 utilization of grants by each participating county board may be
5 different from the individual county board allocation in items A
6 to E if the county boards demonstrate to the commissioner that
7 the differences are based on differing service needs of each
8 county.

9 9535.1730 FUNDING SPECIAL PROJECTS.

10 In addition to grants distributed under part 9535.1725, a
11 county board may apply to the commissioner for grants for
12 special projects designed to help children with severe emotional
13 disturbance to function and remain with their families in the
14 community and to help adults with serious and persistent mental
15 illness to function and remain in the community. Special
16 projects must provide at least one of the services under
17 Minnesota Statutes, section 245.4886, subdivision 1, or 256E.12,
18 subdivision 1, unless the legislature enacts appropriations
19 under Minnesota Statutes, section 245.4886 or 256E.12, for a
20 different service.

21 Within the limits of appropriations available, the
22 commissioner may award grants to county boards for special
23 projects the commissioner believes will help children with
24 severe emotional disturbance to function and remain with their
25 families in the community and will help adults with serious and
26 persistent mental illness to function and remain in the
27 community.

28 9535.1735 BUDGET REQUIREMENTS.

29 Subpart 1. **Estimated budget required.** When applying for a
30 grant, the county board shall submit to the commissioner a
31 budget covering all children's community-based mental health
32 services or all adult community support and case management
33 services to be provided by the county board, its contracting
34 service providers, and any subcontracting service providers.

35 Additionally, the county board's budget must show the total

- 1 projected revenue from the following sources:
- 2 A. grant funds under parts 9535.1700 to 9535.1760;
 - 3 B. county funds;
 - 4 C. medical assistance;
 - 5 D. general assistance medical care;
 - 6 E. client fees;
 - 7 F. private insurance and other third-party payors;
 - 8 G. other public agencies, including schools,
 - 9 colleges, health departments, and corrections;
 - 10 H. other sources;
 - 11 I. the children's health plan, under Minnesota
 - 12 Statutes, section 256.936; and
 - 13 J. the health right plan, under Minnesota Statutes,
 - 14 section 256.936.

15 **Subp. 2. Submittal of contracting service provider**
16 **budgets.** The county board shall submit to the commissioner the
17 name, budgeted expenditures, budgeted revenues, and a list of
18 services provided by the county board's contracting service
19 providers or subcontracting service providers.

20 **Subp. 3. Provider contracts and subcontracts.** All
21 contracts for services between a county board and a service
22 provider, and all contracts for services between a contracting
23 service provider and a subcontracting service provider must be
24 in accordance with parts 9550.0010 to 9550.0092, governing the
25 administration of community social services, and parts 9535.1700
26 to 9535.1760.

27 **Subp. 4. Joint applications.** When two or more county
28 boards apply jointly for grants, they shall designate which
29 county board will:

- 30 A. act as the host county to receive the grant; and
- 31 B. designate a contact person.

32 County boards applying jointly shall agree by resolution on
33 the assignment of responsibilities in parts 9535.1700 to
34 9535.1760.

35 **Subp. 5. Matching funds required for grants for adult**
36 **community support and case management services.** When applying

1 for a grant for adult community support and case management
2 services, the county board shall provide matching funds of at
3 least ten percent of the budget estimated under subpart 1. For
4 purposes of this subpart, "matching funds" means the revenue
5 from the sources listed in subpart 1, items B to H.

6 9535.1740 PAYMENT TO COUNTY BOARD.

7 Subpart 1. **Fiscal reports.** The commissioner shall specify
8 requirements for fiscal reporting under Minnesota Statutes,
9 section 256.01, subdivision 2, clause (17).

10 Additionally, if the commissioner requests, the county
11 board shall submit, by service provider, a year-end summary of
12 the total expenditures and the total revenues by revenue sources
13 listed in part 9535.1735, subpart 1.

14 Subp. 2. **Grant payments.** The commissioner shall make
15 quarterly grant payments under this part to a county board whose
16 grant application is approved under parts 9535.1710 to
17 9535.1760. The commissioner shall make an initial advance in an
18 amount sufficient to cover the time period from the beginning of
19 the grant period to the next scheduled payment. The
20 commissioner shall make subsequent quarterly grant payments on a
21 reimbursement basis for actual expenditures reported by a county
22 board to the commissioner. The commissioner shall adjust the
23 quarterly grant payments for anticipated spending patterns and
24 additional income according to subpart 3.

25 Total payments for a grant period must not exceed the
26 lesser of the following, made according to a budget approved
27 under parts 9535.1710 to 9535.1760:

28 A. the grant award;

29 B. 90 percent of actual expenditures under Minnesota
30 Statutes, section 256.12; or

31 C. 100 percent of actual expenditures under Minnesota
32 Statutes, section 245.4886.

33 Subp. 3. **Disposition of additional income.** If a county
34 board, its contracting service providers, or subcontracting
35 service providers receive revenue for the services specified in

1 the grant application approved by the commissioner exceeding the
2 amount of revenue estimated in the budget, the county board
3 shall:

4 A. use the additional income to provide additional
5 children's community-based mental health services, or adult
6 community support and case management services within the grant
7 period in which the additional income is received;

8 B. use the additional income in place of the county
9 board funds committed to services in the county board's approved
10 budget, if the county board's total mental health expenditure,
11 after the reduction in county funds, complies with the
12 maintenance of effort provisions in Minnesota Statutes, section
13 245.48; or

14 C. notify the commissioner on an annual basis of the
15 amount of actual excess revenue and request the commissioner to
16 authorize the transfer of some or all of these excess funds to
17 the subsequent grant period. The commissioner shall authorize
18 the transfer or adjust the subsequent payment by an amount equal
19 to the excess revenue.

20 9535.1745 TERMINATION AND REPAYMENT OF FUNDS.

21 If the commissioner determines that state grants for
22 services allocated to the county board under Minnesota Statutes,
23 section 245.4886 or 256E.12, are not being used as specified in
24 a county board's approved grant application, the commissioner
25 may terminate all or part of the grant funds and may require
26 repayment according to Minnesota Statutes, section 245.483.

27 9535.1750 REALLOCATION OF GRANT FUNDS.

28 The commissioner may reallocate returned or unused grant
29 funds to other eligible county boards as a supplemental
30 allocation under parts 9535.1700 to 9535.1760, or for special
31 projects under part 9535.1730. For purposes of this part,
32 "unused grant funds" means:

33 A. grant funds not awarded to a county board; or

34 B. grant funds awarded to a county board but not used.

1 9535.1755 BUDGET AMENDMENTS.

2 A county board that finds it necessary to amend the budget
3 approved by the commissioner shall follow the procedures for
4 amending the adult mental health component of a county's
5 community social services plan under Minnesota Statutes, section
6 245.478, subdivision 9, or the children's mental health
7 component of a county's community social services plan under
8 Minnesota Statutes, section 245.4888, subdivision 9. The
9 commissioner shall give approval if a county board demonstrates
10 a need to change the services funded under Minnesota Statutes,
11 section 245.4886 or 256E.12, based on an assessment of unmet
12 needs of children with severe emotional disturbance and their
13 families or adults with serious and persistent mental illness,
14 and if all the requirements of Minnesota Statutes, sections
15 245.461 to 245.4888, and 256E.081 are met.

16 9535.1760 RECORDS.

17 Subpart 1. **Maintenance of financial records.** The county
18 board, its contracting service providers, and any subcontracting
19 service providers shall maintain financial records using
20 generally accepted accounting principles so that:

21 A. expenditures for services funded under parts
22 9535.1700 to 9535.1760 can be easily compared to the county
23 board's approved budget for those services;

24 B. all sources of income can be readily identified;
25 and

26 C. documentation is available for all expenditures.

27 Budget records must include copies of all fiscal reports
28 submitted to meet state or federal requirements.

29 Subp. 2. **Maintenance of service records and required**
30 **reporting.** The county board, its contracting service providers,
31 and any subcontracting service providers shall maintain data
32 specified by the commissioner on services funded under parts
33 9535.1700 to 9535.1760, so the commissioner can determine the
34 effectiveness of the services in achieving the purpose specified
35 under Minnesota Statutes, sections 245.461 to 245.4888.

1 The county board must submit periodic reports in the manner
2 prescribed and on forms provided by the commissioner.

3 Subp. 3. **Availability and access.** The county board, its
4 contracting service providers, and any subcontracting service
5 providers shall upon request make all budget, expenditure, and
6 service records pertaining to the provision of services funded
7 under parts 9535.1700 to 9535.1760 available to the commissioner
8 for audit purposes.

9 The commissioner shall be given access without prior notice
10 to the physical plant and grounds of contracting service
11 providers and subcontracting service providers and to documents
12 and information relevant to services funded under parts
13 9535.1700 to 9535.1760. The commissioner shall be given access
14 whenever the commissioner deems necessary. The requirements of
15 Minnesota Statutes, chapter 13, pertaining to government data
16 practices must be followed.

17 Additionally, the county board, its contracting service
18 providers, and any subcontracting service providers shall allow
19 the commissioner to make photocopies, photographs, and audio and
20 videotape recordings at the commissioner's expense and in
21 accordance with Minnesota Statutes, chapter 13.

22 Subp. 4. **Retention of records.** The county board, its
23 contracting service providers, and any subcontracting service
24 providers shall retain a copy of the records required under
25 subpart 1 for three years plus the current year unless an audit
26 requires a longer retention period. The records may be
27 microfilmed at the end of the third year after the record was
28 made. For purposes of this subpart, "copy of the records" means
29 a photocopy or a computer-generated reproduction.

30 REPEALER. Minnesota Rules, parts 9535.0100; 9535.0200;
31 9535.0300; 9535.0400; 9535.0500; 9535.0600; 9535.0700;
32 9535.0800; 9535.0900; 9535.1000; 9535.1100; 9535.1200;
33 9535.1300; 9535.1400; 9535.1500; and 9535.1600, are repealed.