

178 Aug. 21

STATE REGISTER



STATE OF MINNESOTA

EXECUTIVE ORDERS

RULES

PROPOSED RULES

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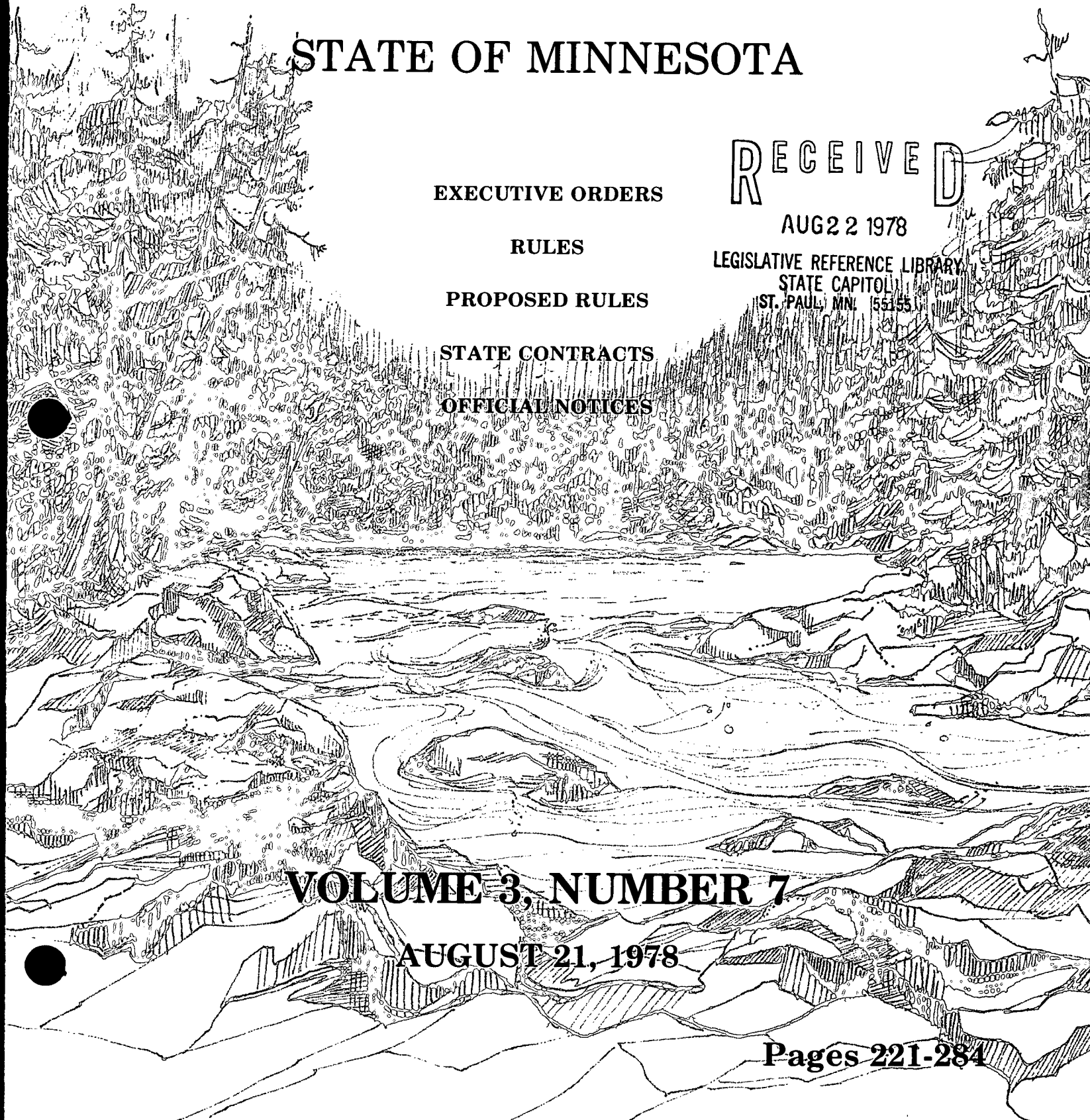
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VOLUME 3, NUMBER 7

AUGUST 21, 1978

Pages 221-284



STATE REGISTER

Printing Schedule for Agencies

Issue Number	*Submission deadline for Executive Orders, Adopted Rules and Proposed Rules	*Submission deadline for State Contract Notices and other **Official Notices.	Issue Date
SCHEDULE FOR VOLUME 3			
8	Monday Aug 14	Monday Aug 21	Monday Aug 28
9	Monday Aug 21	Monday Aug 28	Monday Sept 4
10	Monday Aug 28	Friday Sept 1	Monday Sept 11
11	Friday Sept 1	Monday Sept 11	Monday Sept 18
12	Monday Sept 11	Monday Sept 18	Monday Sept 25
13	Monday Sept 18	Monday Sept 25	Monday Oct 2
14	Monday Sept 25	Monday Oct 2	Monday Oct 9

*Deadline extensions may be possible at the editor's discretion; however, none will be made beyond the second Wednesday (12 calendar days) preceding the issue date for rules, proposed rules and executive orders, or beyond the Wednesday (5 calendar days) preceding the issue date for official notices. Requests for deadline extensions should be made only in valid emergency situations.

**Notices of Public Hearings on proposed rules are published in the Proposed Rules section and must be submitted two weeks prior to the issue date.

Instructions for submission of documents may be obtained from the Office of the State Register, Suite 415, Hamm Building, 408 St. Peter Street, St. Paul, Minnesota 55102.

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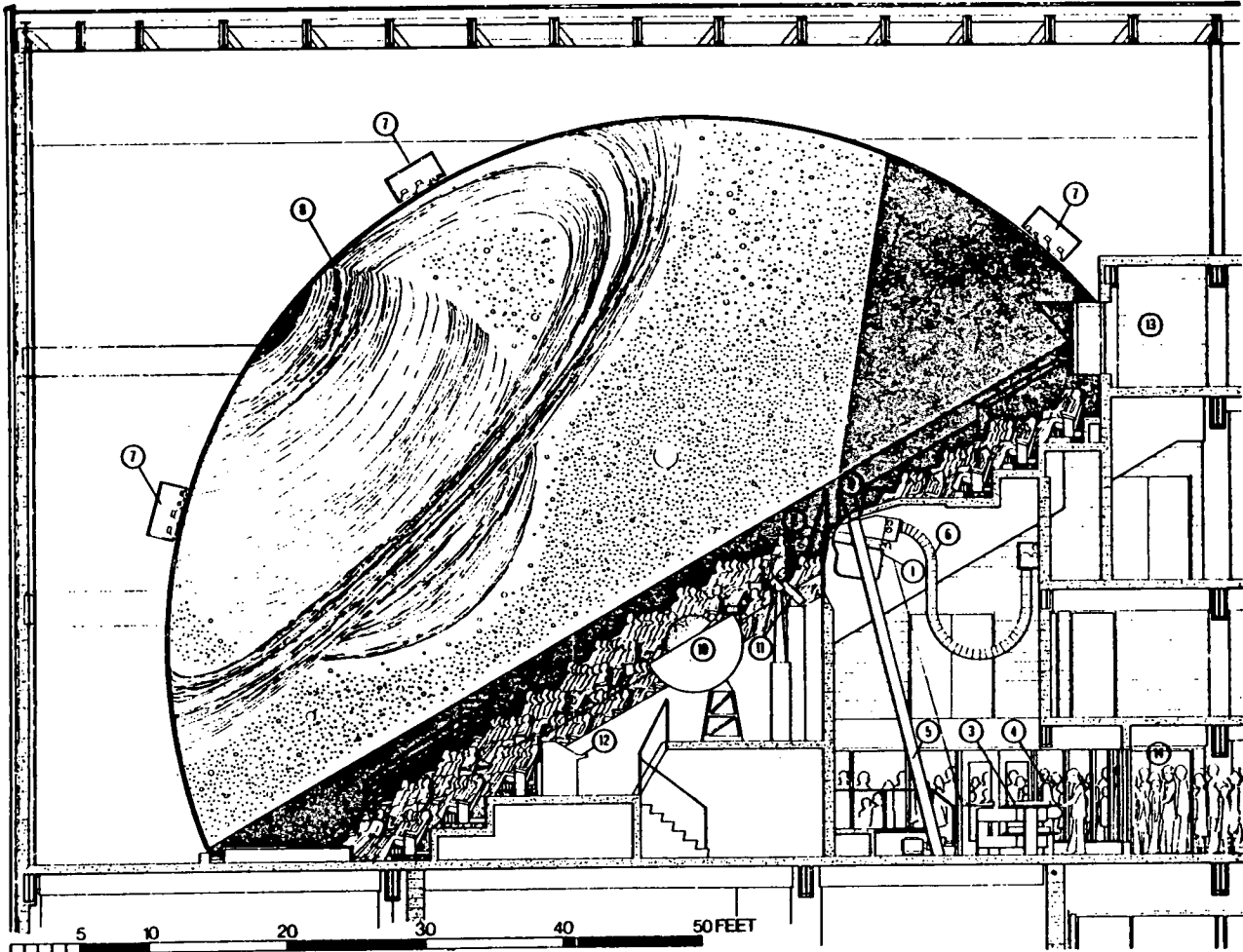
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HOW IT WORKS -- Detailed drawing shows how audiences will view programs on the universe in the William McKnight-3M Omnitheater at The Science Museum of Minnesota. The key: 1. Omnimax Projector; 2. 180-degree fish-eye lens; 3. Film reel unit; 4. Projector control console; 5. Projector elevator; 6. Umbilican connection for power, coolant, air and exhaust; 7. Loudspeaker units; 8. Dome projection screen; 9. Projector enclosure; 10. Space Transis Simulator (STS Planetarium Projector); 11. Planet and moon projectors; 12. Planetarium console; 13. Rear projection room; 14. Audience holding area and projection system viewing gallery.

MCAR AMENDMENTS AND ADDITIONS

The following is a listing of all proposed and adopted rules published in this issue of the *State Register*. The listing is arranged in the same order as the table of contents of the *Minnesota Code of Agency Rules* (MCAR). All adopted rules published in the *State Register* and listed below amend the rules contained in the MCAR set. Both proposed temporary and adopted temporary rules are listed here although they are not printed in the MCAR due to the short term nature of their legal effectiveness. During the term of their legal effectiveness, however, adopted temporary rules do amend the MCAR. A cumulative listing of all proposed and adopted rules in Volume 3 of the *State Register* will be published on a quarterly basis and at the end of the volume year.

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EXECUTIVE ORDERS

Emergency Executive Order No. 179

Providing for Assistance to Officials of Austin, Minnesota

I, Rudy Perpich, Governor of the State of Minnesota, by virtue of the authority vested in me by the Constitution and applicable statutes, hereby issue this Executive Order:

Whereas, the Mayor of the City of Austin has requested assistance in transporting emergency supplies to contain flood waters endangering city residents; and,

Whereas, flood conditions are such as to present hazards to citizens;

Now, therefore, I order:

1. The Adjutant General of Minnesota to order to active duty on or after July 17, 1978, in the service of the state, such elements of the military forces of the state as required, and for such period of time necessary to insure the safety of our citizens.

2. Cost of subsistence, transportation and fuel, and pay and allowances of said individuals will be defrayed from the general fund of the state as provided for by Minn. Stat. § 192.49, subd. 1, and § 192.51 (1976); and Minn. Stat. § 192.52 (1977 Supp.).

This order is effective retroactive to July 17, 1978, and shall be in force until such time the need for emergency assistance has been alleviated.

In testimony whereof, I hereunto set my hand on this first day of August, 1978.



EXECUTIVE ORDERS

Executive Order No. 180

Providing for Flexible Working Schedules for State Employees

I, Rudy Perpich, Governor of the State of Minnesota, by virtue of the authority vested in me by the Constitution and applicable statutes, do hereby issue this Executive Order:

Whereas, employment practices which provide flexibility in scheduling hours of work often result in increased worker productivity, reduced absenteeism, extended service to the public, improved employee morale, and a more economical and efficient use of energy, highways, and mass transit systems; and,

Whereas, the State of Minnesota has a responsibility to attract, retain, and insure optimum use of the state's human resources; and,

Whereas, flexible working schedules enhance the quality and dignity of working life by offering employees more control over their working time and the ability to accommodate personal and family life needs as well as work needs;

Now, therefore, I authorize the State of Minnesota to take action to promote a program hereinafter referred to as "flextime," offering flexible work hours within an 8-hour day, 5-day week, to state employees in the executive branch.

1. The Commissioner of Personnel shall be responsible for setting guidelines, establishing procedures, assisting agencies with implementation, and reviewing results of the program.

2. Each commissioner or department head shall be responsible for making flextime available to all employees, designing appropriate models of flextime consistent with the duties and requirements of each position, and determining exemptions from or termination of flextime where it adversely affects the operation of the department or the level of service to the public.

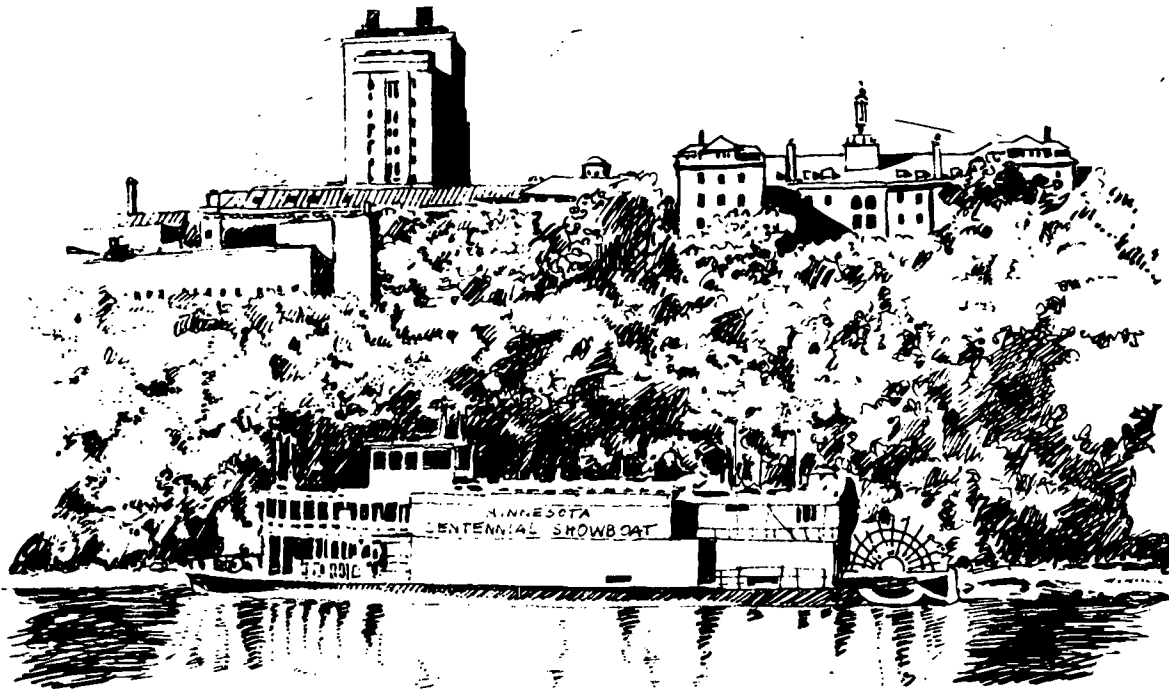
3. Employees shall be responsible for requesting flexible working hours. Participation must be voluntary and consistent with collective bargaining agreements.

4. Wherever there are state employees represented by an exclusive bargaining representative, the appointing authority and/or the Commissioner of Personnel shall be required to meet and negotiate with that exclusive representative for the purpose of reaching an agreement regarding any flextime plan prior to the implementation of such plan.

Pursuant to Minn. Stat. § 4.035 (1977 Supp.), this order shall be effective 15 days after its publication in the *State Register* and filing with the Secretary of State and shall remain in effect until it is rescinded by proper authority or it expires in accordance with § 4.035.

In testimony whereof, I hereunto set my hand on this 3rd day of August 1978.





Built in 1899 at the Dubuque Iron Works, the Minnesota Centennial Showboat was originally named the General John Newton and served as an Army Corps of Engineers patrol and flood rescue boat. In 1957 it was purchased by the University and the Minnesota Centennial Commission for use as a floating theater. It was towed to river towns for performances until costs became too prohibitive, then was moored permanently on the East Bank of the University campus. Theater students staff the boat and stage light musicals and melodramas from the second week of July through the third week of August each year. (Drawing by Maria Dinulescu)

The adoption of a rule becomes effective after the requirements of Minn. Stat. § 15.0412, subd. 4, have been met and five working days after the rule is published in the *State Register*, unless a later date is required by statutes or specified in the rule.

If an adopted rule is identical to its proposed form as previously published, a notice of adoption as proposed and a citation to its previous *State Register* publication will be printed.

If an adopted rule differs from its proposed form, language which has been deleted will be printed with strike outs and new language will be underlined, and the rule's previous *State Register* publication will be cited.

A temporary rule becomes effective upon the approval of the Attorney General as specified in Minn. Stat. § 15.0412, subd. 5. Notice of his decision will be published as soon as practicable, and the adopted temporary rule will be published in the manner provided for adopted rules under subd. 4.

Pollution Control Agency Adopted Rule Governing Standards for Individual Sewage Treatment Systems

The proposed rule published at *State Register*, Volume 2, Number 13, p. 708, October 3, 1977 (2 S.R. 708), is adopted and is identical to its proposed form, with the following amendments:

Rule As Adopted

WPC 40 Individual sewage treatment systems standards.

B. Definitions. For the purposes of these standards, certain terms or words used herein shall be interpreted as follows: the word "shall" is mandatory, the words "should" and "may" are permissive. All distances, unless otherwise specified, shall be measured horizontally.

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WPC 40

27. Plastic limit. A soil moisture content below which the soil may be manipulated for purposes of installing a soil treatment system, and above which manipulation will cause compaction and pudding puddling.

29. Seepage pit (or leaching pit or dry well). An underground pit into which a sewage tank discharges sewage effluent or other liquid waste and from which the liquid seeps into the surrounding soil through the bottom and openings in the side of the pit.

C. General provisions.

1. Applicability.

a. Administration by state agencies.

(1) Individual sewage treatment systems which serve a single facility generating greater than 15,000 gallons per day shall conform to the requirements of these standards and shall make application for and obtain a State Disposal System Permit from the agency.

(2) Collector systems which serve 15 dwellings or 5,000 gallons per day, whichever is less, shall conform to the requirements of these standards and shall make application for and obtain a State Disposal System Permit from the agency.

E. Building sewers.

1. ~~The building sewer, and all piping up to the point where the soil treatment area begins, shall be of watertight piping and joints. Joints between this piping and other appurtenances of the system shall be watertight. The use of perforated pipe or its equivalent is prohibited.~~

2. ~~No building sewer shall be less than four inches in diameter.~~

3. ~~The buried or concealed portion of any building sewer, building drain or branch thereof shall be located at least 20 feet from any well. That portion located less than 50 feet from any well shall be constructed of cast iron with air tested joints. The air test should be made by attaching an air compressor or test apparatus to a suitable opening and closing all other inlets and outlets to the sewer and/or drain under test by means of proper testing plugs. Air shall be forced into the system until there is uniform pressure of five pounds per square inch in the section being tested. The system shall be considered satisfactorily air tested if the pressure therein remains constant for 15 minutes without the addition of air.~~

4. ~~The portions of any buried sewer more than 50 feet from a well shall be constructed of cast iron, vitrified clay, cement asbestos, concrete or other approved pipe material.~~

5. ~~All joints between pipes and fittings in the building sewer shall have watertight and root tight joints. Portland cement mortar joints shall not be allowed. Lines shall provide a grade of not less than one-eighth inch per foot. Where building sewers exceed 50 feet in length, lines shall provide a grade which will allow a flow velocity of not less than two feet per second. All changes of grade shall be by means of long sweep ells. Where long sweep ells are not used and where the direction changes by more than 22-1/2 degrees, accessible cleanouts shall be provided.~~

The design, construction, and location of, and the materials for use in building sewers are presently governed by the Minnesota Building Code which, in Minn. Reg. SBC 8701, incorporates by reference the Minnesota Plumbing Code, Minn. Reg. MHD 120-135, and by specific provisions of the Minnesota Water Well Construction Code, Minn. Reg. MHD 217 (c) (1) (dd), (ee) and (ff). Relevant portions of the Minnesota Plumbing Code, as of the date of enactment of this rule, are reproduced in Appendix C. Minn. Reg. MHD 217 (c) (1) (dd), (ee) and (ff), as of the date of enactment of this rule, is reproduced in Appendix D.

G. Distribution and dosing of effluent.

1. Distribution.

b. Pressure distribution.

(4) Laterals shall be connected to a header pipe which is at least one and one-half inch and no more than two inches in diameter.

Table I

Maximum Allowable Lateral Lengths in Feet From Header Pipe

Perf. Dia.	Perforation Spacing					
	2.5 Feet Pipe Dia.		3.0 Feet Pipe Dia.			
1"	1 1/4"	1 1/2"	1"	1 1/4"	1 1/2"	
3/16"	34	52	70	36	60	75
7/32"	30	45	57	33	51	63
1/4"	25	38	50	27	42	54

2. Dosing. A dosing device is not necessary in all situations but, where used, shall comply with the following requirements.

KEY: RULES SECTION — Underlining indicates additions to proposed rule language. **Strike outs** indicate deletions from proposed rule language. **PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. **Strike outs** indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material."

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b. Dosing devices for gravity distribution.

(1) Where a dosing device is employed, A pump or siphon shall deliver the dose to the soil treatment unit for gravity distribution over the soil treatment area.

c. Dosing devices for pressure distribution.

(2) The pump discharge capacity shall be at least ~~30 seven and one-half~~ gallons per minute for a ~~three bed-room or smaller dwelling and an additional ten gallons per minute for each bedroom above three. For other establishments, the pump discharge shall be ten gallons per minute for each 200 gallons per day of sewage flow or 30 gallons per minute, whichever is greater.~~ each 100 square feet of soil treatment area.

(4) The quantity of effluent delivered for each pump cycle shall be ~~equal to no greater than 25 percent of one day's sewage flow or 200 gallons, whichever is greater.~~

H. Final treatment and disposal.

2. Standard system.

a. Sizing.

(1) The required soil treatment area shall be determined by ~~number of bedrooms [see sections (B) (6) and (C)(2)(c)] the daily sewage flow and the percolation rate of the soil. for dwellings, the sum of the areas required for each individual unit for multiple residential units, and by the daily sewage flow for other establishments. See section (b) (33).~~

(2) ~~The minimum soil treatment area required for any dwelling shall provide for at least two bedrooms.~~

(3) (2) Estimates of Acceptable methods for estimating sewage flow for dwellings are given in Table II. The minimum daily sewage flow estimated for any dwelling shall provide for at least two bedrooms. For multiple residential units, the estimated daily sewage flow shall consist of the sum of the flows of each individual units.

Table II
Sewage Flow (Gallons Per Day)

Number of Bedrooms	Size Classification of Dwelling*			
	I	II	III	IV
2	300	225	180	—
3	450	300	218	—
4	600	375	256	—

5	750	450	294	—
6	900	525	332	—

(3) For other establishments, the daily sewage flow shall be determined as provided in section (B) (33).

(4) The soil treatment area shall be at least as large as set forth in Table III.

Table III

Percolation Rate (Minutes per inch)	Required Soil Treatment Area in Square Feet (Per Gallon of Waste Sewage Flow per Day)
Faster than 0.1**	—
0.1 to 5***	0.83
6 to 15	1.27
16 to 30	1.67
31 to 45	2.00
46 to 60	2.20
Slower than 60****	—

b. Location.

(1) On slopes in excess of 12 percent, the soil profile shall be carefully evaluated in the location of the proposed soil treatment system and downslope to identify the presence of layers with different permeabilities that may cause sidehill seepage. In no case shall a trench be located within 15 feet of where such a layer surfacing surfaces on the downslope.

c. Design and construction.

(9) Distribution pipes — gravity distribution.

*Table II is based on the following formulas:

Size Classification I: Sewage Flow = 150 (# of Bedrooms)

Size Classification II: Sewage Flow = 75 (# of Bedrooms + 1)

Size Classification III: Sewage Flow 66 + 38 (# of Bedrooms + 1)

Size Classification IV: (Greywater System): Sewage Flow = 60% of the average flow. If a greywater system is employed pursuant to Appendix A, section (D) (2), estimated sewage flow shall equal 60% of the amount provided in Column I, II, or III of Table II.

**Soil is unsuitable for standard system if percolation rate is less than 0.1 minutes per inch. See Appendix A, section (C) (5).

***Consider alternative sewage treatment systems for soils with this percolation rate range. See Appendix A, section (C) (5).

****Soil is unsuitable for standard system if percolation rate is slower than 60 minutes per inch. See Appendix A, section (C) (4).

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(c) Agriculture drain tile shall be in 12-inch lengths and laid with ~~one half~~ one-fourth inch open joints on grade boards. All open joints shall be protected on top by strips of asphalt-treated building paper at least ten inches long and three to six inches wide or by other acceptable means.

(10) Pressure distribution.

(b) Perforations shall be sized and spaced as shown in Table ~~H I~~ I set forth in following section ~~(H) (2) (a) (3)~~ (G) (1) (b) (4).

(12) ~~The Gravity~~ Gravity distribution pipes in beds shall be uniformly spaced no more than five feet apart and not more than 30 inches from the side walls of the bed.

d. Dual field.

(3) A part of the soil treatment area shall be used no more than one year unless inspection of the effluent level indicates that a longer duration can be used.

TABLE IV
Minimum Setback Distances (feet)

Feature	Sewage Tank	Soil Treatment Area
Water Supply well less than 50 feet deep and not encountering at least ten feet of impervious material	50*	100*
Any other water supply well or buried water suction pipe	50*	50*
Buried pipe distributing water under pressure	10*	10*
Buildings	10	20
Property Lines	10	10
The Ordinary High Water Mark of:		
Natural Environment Lakes and Rivers	150**	150**
Recreational Development Lakes and Streams	75**	75**
General Development Lakes and Streams	50**	50**
Wild Rivers	150**	150**

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Scenic Rivers	100**	100**
Recreational Rivers and Designated Tributaries of Wild Scenic, and Recreational Rivers	75**	75**

K. Variance. In any cases where a permit is required by the agency, and upon application of the responsible person or persons, the agency finds that by reason of exceptional circumstances the strict enforcement of any provision of these standards would cause undue hardship, that disposal of the sewage, industrial waste or other waste is necessary for the public health, safety or welfare, or that strict conformity with the standards would be unreasonable, impractical or not feasible under the circumstances, the agency in its discretion may permit a variance therefrom upon such conditions as it may prescribe for prevention, control or abatement of pollution in harmony with the general purpose of these standards and the intent of applicable state and federal laws.

APPENDIX A

Alternative Systems

A. General. The intent of this appendix is to provide guidelines standards for the design, location, installation, use and maintenance of alternative sewage treatment systems in areas of limiting soil characteristics or where a standard system cannot be installed or is not the most suitable treatment. Where such systems are employed, they shall comply with all local codes and ordinances, and be subject to timely inspections to assure adherence to specifications.

B. Adoption and use.

1. Where WPC 40 is administered by a local unit of government, those local units of government may adopt this appendix, in whole or in part, as part of a local code or ordinance. Nothing in WPC 40 or this appendix, however, shall require the adoption of any part of this appendix as a local ordinance or code. Further, nothing in WPC 40 or this appendix shall require local units of government to allow the installation of any system in this appendix.

*Setbacks from water supply wells and buried water pipes are presently governed by Minn. Reg. MHD 217 (c) (1) (dd), (ee) and (ff). These regulations, as of the date of enactment of this rule, are reproduced in Appendix D.

**Setbacks from lakes, rivers and streams are presently governed by Minn. Reg. Cons. 72 (b) (4), NR 79 (d) (2) and NR 83 (d) (2) (dd). These regulations, as of the date of enactment of this rule, are reproduced in Appendix E.

KEY: RULES SECTION — Underlining indicates additions to proposed rule language. **Strike outs** indicate deletions from proposed rule language. **PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. **Strike outs** indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material."

RULES

2. Where these standards are administered by the Agency or the Minnesota Department of Health, these standards This Appendix defines the minimum requirements for alternative systems serving establishments or facilities licensed or otherwise regulated by the State of Minnesota or this agency, pursuant to section (C) (1) (a).

C. Class I alternatives — modified standard systems.

5. Rapidly permeable soils.

a. Filter material for a soil treatment unit using gravity distribution of effluent shall not be placed in contact with original soil having a percolation rate faster than one-tenth minute per inch.

D. Class II alternatives — reduced area systems.

2. Separate toilet waste and greywater systems.

b. Toilet waste treatment devices.

(2) Type I — privies.

(h) All liquids and soils solids removed from a vault privy shall be treated and disposed of by application in accordance with the agency's seepage disposal guidelines.

E. Class III Alternatives — advanced alternative system.

1. Mounds.

o. Gravity distribution.

(6) The quantity of effluent per pump dose shall be at least 150 gallons per bedroom for dwellings. For other establishments the dose shall be at least 25 percent of the estimated or measured daily sewage flow.

p. Pressure distribution.

(1) Perforation holes shall be as set forth in Table I set forth in section (G) (1) (b) (4). Holes shall be drilled straight into the pipe and not at an angle.

2. Collector systems.

b. Design.

(3) Sewers.

(a) Sewer systems shall be designed on an estimated average daily flow for dwellings based on Table II, set forth in section (H) (2) (a) ~~(3)~~ (2), plus estimated flows from other establishments.

4. Seepage pits.

c. Seepage pits, in addition to the general provisions under section (H) (2) ~~(e)~~ specified in Table IV following section (H) (2) (d) (3), shall be set back not less than the stated minimum distances from the following:

(1) Wells less than 50 feet in depth and not encountering at least 10 feet of impervious material . . . 150 ft.

(2) Any water supply well or buried water suction pipe 75 ft.

(3) Buildings 20 ft.

(4) Property lines and buried pipe distributing water under pressure 10 ft.

(5) Other seepage pits three times the diameter of the largest pit (edge to edge).

d. Effective soil treatment area of a seepage pit shall be calculated as the sidewall area below the inlet, exclusive of any hardpan, rock or clay formations. The sidewall area shall be based on the outer diameter of the pit lining plus 12 inches of rock in the annular space.

(1) Required treatment area shall be determined by the percolation test described in section (D) and from Tables II and III, set forth in sections (H) (2) (a) ~~(3)~~ (2) and (4), with no reduction for increased filter material below or around the pit. In no case shall a seepage pit be installed in soils where the percolation rate of any stratum is faster than one-tenth minute per inch (coarse sand). A percolation test shall be made in each vertical stratum penetrated by the seepage pit, and the weighted average of the results, exclusive of results from soil strata in which the percolation rate is slower than 30 minutes per inch, shall be computed and applied to the seepage bed column of Table III as indicated.

F. Class IV alternatives — holding tanks.

6. Location. Holding tanks shall be located:

b. As specified for septic tanks in Table I IV, set forth in following section ~~(G) (1) (b)~~ (H) (2) (d) (3).

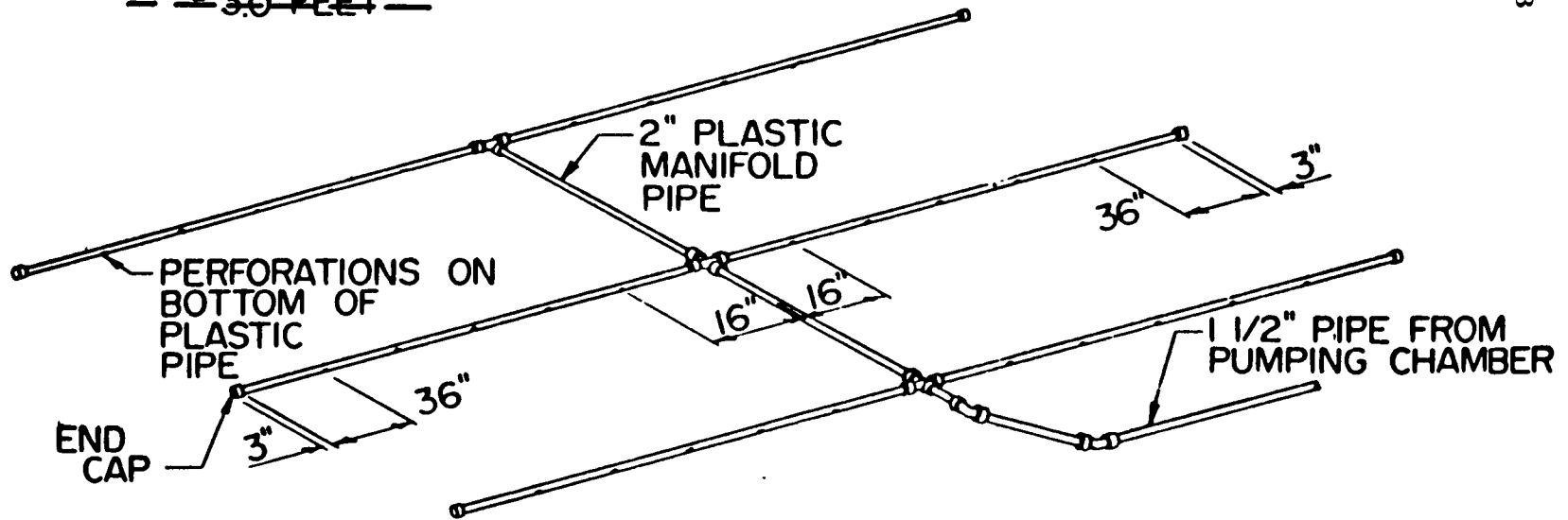
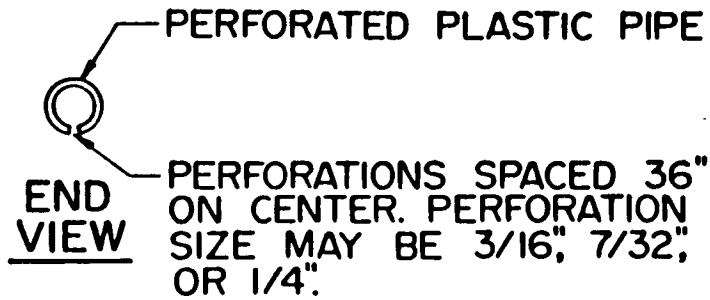
Figure 7

LAYOUT OF PERFORATED PIPE LATERALS FOR PRESSURE DISTRIBUTION

ALLOWABLE LATERAL LENGTHS IN FEET

PERF. DIA.	PIPE DIA.		
	1"	1 1/4"	1 1/2"
3/16"	36	60	75
7/32"	33	51	63
1/4"	27	42	54

PERFORATION SPACING
— — 3.0 FEET — —



APPENDIX C

MHD 123 Materials

(a) **Quality of Materials.** All materials used in any drainage or plumbing system or part thereof, shall be free from defects, and no materials which are damaged or defective, shall knowingly be installed.

(b) **Identification of Materials.** All materials must be marked, unless otherwise easily identifiable, so as to provide a visual means of identification as to types, grades, weights, and strengths. The installer shall, as far as possible, position the identification marks so as to provide ease of inspection by the Administrative Authority.

(c) **Standards for Plumbing Materials**

(1) **Approved Materials.** A material shall be considered approved if it meets one or more of the standards cited in Table 123(c)(3) Standards for Plumbing Materials. Materials not listed in Table 123(c)(3) shall be used only as provided for in MHD 122(h)(3), or as permitted elsewhere in this Code.

(2) **Abbreviations.** Abbreviations in Table 123(c)(3) refer to the following:

ANSI — American National Standards Institute
10 East 40th Street
New York, New York 10016

ASTM — American Society for Testing and Materials
1916 Race Street
Philadelphia, Pennsylvania 19103

AWWA — American Water Works Association
2 Park Avenue
New York City, New York 10016

CS — Commercial Standards Available From:
Commodity Standards Division
Office of Industry and Commerce
U. S. Department of Commerce
Washington, D. C. 20234

FS — Federal Specifications Available From:
Federal Supply Service
Standards Division—General Services Administration
Washington, D. C. 20406

NSF — National Sanitation Foundation
Ann Arbor, Michigan 48106

FHA — Federal Housing Authority
Architectural Standards Division
Washington, D. C.

**TABLE 123 (C) (3)
STANDARDS FOR PLUMBING MATERIALS**

DESCRIPTION	ANSI	ASTM	FS	OTHER
I. CAST IRON PIPE & FITTINGS	A21.2 A21.6	A-74	WW.P.401C	CS188
1A Cast Iron Pipe & Fittings..... Extra Heavy	A21.8			
1B Cast Iron Pipe Centrifugally Cast only and fittings..... Service Weight.....	A21.6 A21.8	A-74	WW.P.401C	CS188
1C Cast Iron Mechanical..... (Gland Type) Pipe.....	A21.11 A21.2 A21.6		WW.P-421a	
1D Cast Iron Mechanical..... (Gland Type) Pipe Cement Lined.....	A21.8 A21.4 A21.2 A21.6 A21.8			
1E Cast Iron Short Body Water Service Fittings (2"-12").....	A21.10			AWWA C100
1F Cast Iron Threaded Pipe.....	A40.5			
1G High Silicon Pipe, Fittings Cast Iron.....				
1H Cast Iron Threaded Fittings..... Black and galvanized 125#	B16.4		WW-P-501	
1J Cast Iron Drainage Fittings..... Black and Galvanized	B16.12		WW-P-491	
1K Hubless Cast Iron Pipe and Fittings (amended 8-31-72).....				CISPI Standard 301-69T

* * * * *

V. SILICA AND EARTH PRODUCTS PIPE AND FITTINGS, NON METALLIC

5A Asbestos—Cement..... Pressure Pipe and Fitting.....	C500 C296		SS-P351	
5B Asbestos—Cement Water Pipe and Fittings.....	C500		SS-P-351	AWWA C400

5C Asbestos—Cement Non Pressure Pipe and Fittings.....	C428		XX-P-331	
5D Asbestos—Cement Perforated Underdrain Pipe and Fittings.....	C508			
5E Vitrified Clay Pipe, Standard..... Strength and Stronger fittings.....	C13 C200			
5F Unglazed Clay Pipe, Extra Strength and fittings.....	C278 C211			
5G Perforated Clay Pipe and Fittings.....				
5H Borosilicate Glass Pipe and Fittings 60 psi.....				AASHO M178
5J Non Reinforced Concrete Drain tile.....	C412			AASHO M86
5K Non Reinforced Concrete Pipe.....	C14		SS-P-371	
5L Perforated Concrete Pipe, Underdrainage.....	C444			
5M Reinforced Concrete Pipe.....	C76		SS-P-375	
5N Reinforced and Prestressed Concrete Pipe, Pressure Type and Fittings.....				
5O Bituminized Fiber Drain and Sewer Pipe.....	D1860		SS-P-1540A	(Amended 8-31-72)
5P Perforated Bituminized Fiber Pipe for General Drainage.....	D2311		SS-P-1540A	(Amended 8-31-72)

**VI. PLASTIC PIPE AND FITTINGS
DRAIN, WASTE AND VENT**

6A Acrylonitrile-Butadiene-Styrene (ABS)..... Type 1, Schedule 40.....	D2661	L-P-322a FHA-MPS		HSF14 CS270
6B Polyvinyl Chloride (pvc)..... Schedule 40 Unthreaded..... Schedule 80 can be threaded BUILDING SEWER.....	D2665	L-P-320a FHA-MPS		NSF14 CS272
6C (1) Styrene—Rubber.....	D2852			L-P-001221 CS228
6C (2) Polyvinyl Chloride (pvc)..... (Amended 4-3-73)	D3033 D3034			(Filed 4-5-73) FHA-UM-26 WW-P-00380a

* * * * *

(d) **Piping System Materials**

* * * * *

(4) **Building Sewers**

(aa) Cast Iron 1A and 1B and fittings and Hubless Cast Iron 1K.
(Amended 6-26-72)

(bb) Cast Iron 1C and 1D with 1E fittings.

(cc) Asbestos Cement 5A and 5C and fittings laid on a continuous granular bed and only in yard areas.

(dd) Clay pipe and fittings 5E laid on a continuous granular bed.

(ee) Concrete pipe 5K in yard areas and not under permanent streets, laid on a continuous granular bed.

(ff) Concrete 5N.

(gg) Plastic 6A, 6B, 6C(1), and 6C(2) laid on a continuous granular bed in yard areas. (Amended 4-5-73)

(hh) Bituminized-fiber drain and sewer pipe 5O, laid on a continuous granular bed. (Amended 8-31-72)

* * * * *

MHD 124 Joints and Connections

(a) **Types of Joints for Piping Materials**

(1) **Tightness.** Joints and connections in the plumbing system shall be gastight and watertight for the pressure required by test, with the exception of those portions of perforated or open joint piping which are installed for the purpose of collecting and conveying ground or seepage water.

(2) **Types of Joints**

(aa) **Caulked Joints.** Caulked joints for cast-iron bell and spigot soil pipe shall be firmly packed with oakum or hemp and filled with molten lead not less than 1 inch deep and shall extend not more than 1/8 inch below rim of hub. No paint, varnish, or any other coatings shall be permitted on the jointing material until after the joint has been tested and approved. Lead shall be caulked tight.

(bb) **Threaded Joints—Screwed Joints.** Threaded joints shall conform to American National taper pipe thread, ASA-B2.1-1945 or FS GGG-P-351a. All burrs shall be removed. Pipe ends shall be reamed out to size of bore and chips removed. Pipe joint compound shall be used on male threads only.

(cc) **Wiped Joints.** Joints in lead pipe or fittings, or between lead pipe or fittings and brass or copper pipe, ferrules, solder nipples, or traps, shall be full wiped joints. Wiped joints shall have an exposed surface on each side of the joint not less than 3/4 inch, and a minimum thickness at the thickest part of the joint of not less than 3/8 inch. Joints between lead pipe and cast iron, steel, or wrought iron shall be made by means of a caulking ferrule, soldering nipple, or bushing.

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(dd) **Soldered or Brazed Joints.** Joints with copper tube with solder joint fittings shall be soldered or brazed. Surfaces to be soldered or brazed shall be thoroughly cleaned. Joints to be soldered shall be properly fluxed with non-corrosive paste type flux. Solder used for joints shall have a nominal composition of 50% tin and 50% lead, or 95% tin and 5% antimony, conforming to ASTM Standard Specification for soft solder metal B32-60T. Joints to be brazed shall be properly fluxed with a flux suitable for brazing material which is used. Brazing material shall conform to ASTM Standard Specification for Brazing Filler Metal B260-52T.

(ee) **Flared Joints.** Flared joints for soft copper water tubing shall be made with fittings meeting approved standards. (See Table 123(c)(3)) The tubing shall be reamed and expanded with proper flaring tools.

(ff) **Hot-poured Joints.** Hot-poured compound for clay or concrete sewer pipe, or other materials, shall not be water absorbent, and when poured against a dry surface shall have a bond of not less than 100 pounds per square inch. All surfaces of the joint shall be clean and dried before pouring. If wet surfaces are unavoidable, a suitable primer shall be applied.

The compound shall not soften sufficiently to destroy the effectiveness of the joint when subjected to a temperature of 160° Fahrenheit nor soluble in any of the waste carried by the drainage system. Approximately 25% of the joint space at the base of the socket shall be filled with jute or hemp. A pouring collar, rope, or other device shall be used to hold the hot compound when pouring. Each joint shall be poured in one operation until the joint is filled. Joints shall not be tested until one hour after pouring.

(gg) **Cold Joint Compound (Tar Base).** Cold joint compound (tar base) for clay and concrete pipe shall not be water absorbent, and shall bond itself to vitrified clay and concrete pipe. Half of the joint must be packed with oakum, and the remainder with cold tar compound.

(hh) **Gasket Type Joints. Resilient Rubber Joints for Clay or Concrete.** Flexible joints between lengths of clay or concrete pipe may be made by using approved resilient or rubber materials, both on the spigot end and in the bell end of the pipe.

(ii) **Cement Mortar Joints.** Except for repairs and connections of existing lines constructed with such joints, cement mortar joints are prohibited. Where permitted, cement mortar joints shall be made in the following manner: A layer of jute or hemp shall be inserted into the base of the annular joint space and packed tightly to prevent mortar from entering the interior of the pipe or fitting. Not more than 25% of the annular space shall be used for jute or hemp. The remaining space shall be filled in one continuous operation with a thoroughly mixed mortar composed of one part cement and two parts sand, with only sufficient water to make the mixture workable by hand. Additional mortar of the same composition shall then be applied to form a one to one slope with the barrel of the pipe. The bell or hub of the pipe shall be left exposed and when necessary the interior of the pipe shall be swabbed to remove any mortar or other material which may have found its way into such pipe.

(jj) **Burned Lead Joints.** Burned (welded) lead joints shall be fused together to form a uniform weld at least as thick as the lead being joined.

(kk) **Asbestos Cement Sewer Pipe Joints.** Joints in asbestos cement pipe shall be made with sleeve couplings of the same composition as the pipe, sealed with rubber rings. Joints between asbestos cement pipe and metal pipe shall be made by means of an adapter coupling caulked as required in MHD 124(a)(2)(aa). No adapted coupling shall be used that does not have a center ridge. Pipe must not be able to pass through the coupling.

(ll) Mechanical Joints

(ll-1) **Mechanical Joints for Cast-Iron Water Pipe.** Mechanical joints in cast-iron water pipe shall be made by means of a flanged collar and rubber ring gasket, secured by the use of an adequate number of steel bolts. The rubber sealing ring shall conform to A.S.A. A21-Point 11 Requirements.

(ll-2) **Mechanical Joints in Cast-Iron Soil Pipe.** Mechanical joints in cast-iron soil pipe shall be made by means of a preformed molded rubber ring, secured by pulling the pipe and fittings together in such a way as to compress the molded rubber ring in a manner that will assure a gas and water tight joint. The rubber sealing ring shall conform to A.S.T.M. 564-65 requirements.

(ll-3) **Mechanical Joints in Chemical Waste Pipe.** Mechanical joints in chemical waste pipe, of prestressed, low-expansion borosilicate glass pipe and high silicon content cast-iron pipe, shall be joined by means of a stain-

less steel corrosion resistant clamp assembly, or a clamp assembly utilizing a fiberglass reinforced nylon shell surrounding a sealing sleeve of an elastomeric material containing an approved acid and corrosion resistant seal ring or gasket in such a manner that the sleeve and ring seal or gasket are firmly compressed by the tightening device in order that a gas and water tight joint is provided. The sleeves or bands for this type joint shall be marked with the words "All Stainless", or the recognized abbreviation therefore, and marked with the pipe size for which its use is intended. Fiberglass reinforced shells must bear the manufacturer name. The sleeve must be used as factory assembled. During installation assembly, the pipe or fittings must be inserted into the sleeve so as to be firmly seated against the center rib or shoulder of the gasket, and on all field cut lengths the ends must be as square and smooth as possible. (Amended 6-26-72)

(ll-4) **Mechanical Joints in Hubless Cast Iron Soil Pipe.** Mechanical joints for hubless cast iron soil pipe and fittings shall be made by using a neoprene sleeve and stainless steel retaining band as specified in CISPI standard 301. (Amended 6-26-72)

(ll-5) **Mechanical Pipe Couplings and Fittings.** Couplings shall be made with the housing fabricated in two or more parts of malleable iron castings in accordance with Federal Specification QQ-I-666c, Grand 11, or with ASTM A47 or ASTM A339. The coupling gasket shall be molded synthetic rubber, per ASTM D-735-61, Grade No. R615BZ. Coupling bolts shall be oval neck track head type with hexagonal heavy nuts, per ASTM-A-183-60, or ASTM A325.

Pipe fittings used with these pipe couplings shall be fabricated or malleable iron castings in accordance with Federal Specifications QQ-I-666c, Grade 11, or with ASTM A47; ductile iron ASTM A339; segweld steel ASTM53 or A106.

These couplings and fittings may be used above ground, for storm drains and leaders and for water distribution pipe provided exposed parts in contact with water are galvanized. (Amended 6-26-72)

(mm) **Plastic Joints.** Every joint in plastic piping shall be made with approved fittings by either solvent welded or fusion welded connections or with approved insert fittings and metal clamps and screws of corrosion resistant material or threaded joints according to accepted standards. All solvent materials must meet approved recognized standards.

(nn) **Bituminized Fiber Drain Pipe Joints.** Pipe and bends shall be provided with accurately machined or molded tapered joints, and a taper-sleeve coupling shall be provided for each length of pipe and for each bend. The slope of the taper in both pipe and coupling shall be 2°. (Amended 6-26-72)

(3) Use of Joints

(aa) **Clay Sewer Pipe.** Joints in clay sewer pipe, or between such pipe and metal pipe shall be made as provided in MHD 124(a)(2)(ff),(gg), (hh), and (ii).

(bb) **Concrete Sewer Pipe.** Joints in concrete sewer pipe, or between pipe and metal pipe, shall be made by means as provided in MHD 124(a)(2)(ff),(gg),(hh) and (i).

(cc) **Cast-Iron Pipe.** Joints in cast-iron shall be either caulked or screwed, as provided in MHD 124(a)(2)(aa),(bb), and (cc).

(dd) **Cast-Iron Soil Pipe.** Joints in cast-iron soil pipe may be made by means as provided in MHD 124(a)(2)(aa) or (ll-2).

(ee) **Threaded Pipe to Cast-Iron.** Every joint between wrought iron, steel, brass, copper and cast-iron pipe shall be either caulked or threaded joints as provided in MHD 124(a)(2)(aa),(bb) and (cc) and shall be made with approved adapter fittings.

(ff) **Lead to Cast-Iron, Wrought Iron and Steel.** Joints between lead and cast-iron, wrought iron, or steel shall be made by means of wiped joints to a caulking ferrule, soldering nipple or bushing as provided in MHD 124(a)(2)(cc).

(gg) **Copper Water Tube.** Joints in copper water tubing shall be made either by the appropriate use of approved brass or wrought copper water fittings properly soldered or brazed, or by means of approved flared fittings as provided in MHD 124(a)(2)(ee).

(hh) **Plastic Pipe Joints.** Joints in plastic pipe or between plastic and cast-iron, steel, brass or copper pipe shall be made as provided in MHD 124(a)(2)(mm).

KEY: RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language. **PROPOSED RULES SECTION** — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material."

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(ii) **Bituminized Fiber Pipe Joints.** Joints in bituminized fiber pipe shall be made as provided for in MHD 124(a)(2)(nn). (*Amended 6-26-72*)

(4) Special Joints

(aa) **Copper Tubing to Threaded Pipe Joints.** Joints from copper tubing to threaded pipe shall be made by the use of brass or copper adapter fittings. The joint between the copper pipe and fitting shall be properly soldered, brazed or flared.

(bb) **Cast-Iron to Copper Tube.** Caulked joints between copper tubing and cast-iron soil pipe shall be made by means of brass or copper ferrules or other approved adapter fittings.

(cc) **Slip Joints.** In drainage piping, slip joints shall be used only on the inlet side of the trap or in the trap seal. Every slip joint shall be made using approved packings of gasket material or approved ground joint brass compression rings. Ground faced connections which allow adjustments of tubing but provide a durable rigid joint when made up shall not be considered as a slip joint.

(dd) **Expansion Joints.** Every expansion joint shall be of an approved type and the material used in its manufacture shall be compatible with the type of piping in which it is installed. Every expansion joint, other than an expansion loop, shall be accessible. (Also see MHD 133(j))

(ee) **Bituminized Fiber to Other Types of Pipe.** When connecting bituminized fiber pipe to other types of materials, only approved types of fittings and adaptors designed for the specific transition intended shall be used. (*Amended 6-26-72*)

(5) **Flanged Fixture Connections.** Fixture connections between drainage pipes and water closets, pedestal urinals, and earthenware trap standards shall be made by means of brass, plastic, or iron flanges, caulked, soldered, solvent welded, or screwed to the drainage pipe. The connection shall be bolted, with an approved gasket, washer or setting compound between the earthenware and the connection. Floor flanges of other equivalent materials may be used when approved by the Administrative Authority.

The bottom of the floor flange shall be set on the top of the finished floor or on a structurally firm base. Closet bends or stubs must be cut off so as to present a smooth surface, even with the top of the closet flange. Use of commercial putty or plastic as fixture setting compound is prohibited.

(6) **Prohibited Joints and Connections.** See MHD 131(b)(3).

(7) **Increases and Reducers.** Brass or cast-iron body cleanouts shall not be used as a reducer or adapter from cast-iron soil pipe to steel or wrought iron pipe. Where different sizes of pipe or pipes and fittings are to be connected, the proper size increasers, reducers, or reducing fittings shall be used between the two sizes. Hexagon screwed bushings shall not be used in drainage piping.

MHD 125 Traps and Clean Outs

* * * * *

(b) Drainage Pipe Cleanouts

(1) **Location.** There shall be at least 2 cleanouts in the building drain, one at or near the base of the stack and one near the connection between the building drain and the building sewer. The cleanout at the outside wall may be inside or outside the building, and shall be made with a full "Y" branch fitting and shall extend at least 2 inches above grade or finished floor, except that the Administrative Authority may grant permission to use a flush cover in traffic areas.

A cleanout which is easily accessible shall be provided at or near the foot of each vertical soil or waste stack.

Each horizontal branch drain pipe shall be provided with a cleanout at its upper terminal, except that a fixture trap or a fixture with an integral trap, readily removable without disturbing concealed piping, may be accepted as a cleanout equivalent for this purpose.

(2) **Size of Cleanouts.** The cleanout shall be of the same nominal size as the pipes they serve up to 4 inches in diameter and not less than 4 inches for larger piping.

The distance between cleanouts in horizontal piping shall not exceed 50 feet for 3 inch or less in size and not over 100 feet for 4 inch and over in size.

(3) **Cleanout Materials.** The bodies of cleanout ferrules shall be made to standard pipe sizes, conform in thickness to that required for pipe and fittings of the same material and extend not less than ¼ inch above the hub. The cleanout cover or plug shall be of brass, cast-iron or approved plastic and be provided with a raised nut or recessed socket for removal.

Cleanouts for cast-iron soil pipe shall have cleanout covers made of brass and conform to specifications and details as shown in Figure 125(b)(3). Appendix B.

(4) **Cleanouts to be Accessible.** Each cleanout, unless installed under an approved cover plate or left flush with the finished floor, shall be at least 2 inches above grade, readily accessible and shall not be covered with cement, plaster, or other permanent finish material. Where a soil stack cleanout is located within 10 feet of where the building drain leaves the building, the cleanout at the outside wall may be eliminated.

MHD 131 Drainage Systems

(a) Determining Size of Drainage System

(1) **Load on Drainage Piping.** The load on drainage system piping shall be computed in terms of drainage fixture units in accordance with Table 131(a)(1) and MHD 131(a)(1)(aa), except the Administrative Authority may allow variations where it is shown by a hydraulic analysis of the piping system, submitted to the Administrative Authority, that such variation would result in a more desirable flow rate in the piping system.

TABLE 131 (a) (1)

FIXTURE UNIT VALUES FOR VARIOUS PLUMBING FIXTURES

Type of Fixture	Fixture Unit Value	Minimum Fixture Trap and drain size
Clothes Washer (Domestic Use)	2	1½
Clothes Washer (Public Use in Groups of 3 or more)	6 each	
Bath tub with or without shower	2	1½
Bidet	2	1½
Dental unit or cuspidor	1	1½
Drinking Fountain	1	1½
Dishwasher, Domestic	2	1½
Dishwasher, Commercial	4	2
Floor Drain with 2 inch waste	2	2
Floor drain with 3 inch waste	3	3
Floor Drain with 4 inch waste	4	4
Lavatory	1	1½
Laundry Tray (1 or 2 Compartment)	2	1½
Shower Stall, Domestic	2	1½
Shower (Gang) per head	1	
SINKS:		
Combination, Sink and Tray (with disposal unit)	3	1½
Combination, Sink and Tray (with one trap)	2	1½
Domestic	2	1½
Domestic, with disposal unit	2	1½
Surgeons	3	1½
Laboratory	1	1½
Flushrim or Bedpan washer	6	3
Service	3	2
Pot or Scullery	4	2
Soda Fountain	2	1½
Commercial, Flat Rim, Bar or Counter	3	1½
Wash, Circular or Multiple (per set of faucets)	2	1½
URINAL Pedestal, Wall Hung, with 3 inch trap (Blowout and Syphon Jet)		
trap (Blowout and Syphon Jet)	6	3
Wall Hung with 2 inch trap	3	2
Wall Hung with 1½ inch trap	2	1½
Trough (per 6 foot section)	2	1½
Stall	3	2
Stall	6	3
WATER CLOSET		
Unlisted Fixture or Trap Size		
1½ inch	1	
2 inch	2	
3 inch	3	
4 inch	4	
5 inch	5	
6 inch	6	

(aa) **Values for Continuous Flow.** Fixture unit values for continuous or semi-continuous flow into the drainage system, such as from a pump, sump ejector, air conditioning equipment, or similar device shall be computed on the basis of one fixture unit for each gallon per minute flow.

(2) **Selecting Size of Drainage Piping.** Pipe sizes shall be determined from Table 131(a)(2)A and Table 131(a)(2)B on the basis of drainage load computed from Table 131(a)(1) and MHD 131(a)(1)(aa).

TABLE 131 (a) (2)A

MAXIMUM LOADS FOR HORIZONTAL DRAINS IN FIXTURE UNITS

Diameter of Drain (inches)	Horizontal Fixture Branch* - ¼ in./ft. (f.u.)	Building Sewer, Building Drain and Building Drain Branches-from Stacks****			
		Slope			
		1/16 in./ft. (f.u.)	¼ in./ft. (f.u.)	½ in./ft. (f.u.)	¾ in./ft. (f.u.)
1½	1				

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1½	3			21	26
2	6			24	31
2½	12			36***	42***
3**	32***			48***	50***
4	160	180	216	250	
5	360	390	480	575	
6	620	700	840	1,000	
8	—	1,400	1,600	1,920	2,300
10	—	2,500	2,900	3,500	4,200
12	—	3,900	4,600	5,600	6,700
15	—	7,000	8,300	10,000	12,000

*Includes Horizontal Branches of the Building Drain.
 **No water closet shall discharge into a drain less than 3 inch.
 ***Not over 2 Water Closets.
 ****Every building drain that receives the discharge of (3) or more water closets, shall not be less than 4 inch in diameter. (Amended 7-26-73)

(3) **Minimum Size of Soil and Waste Stacks.** No soil or waste stack shall be smaller than the largest horizontal branch connected thereto except that a 4x3 water closet connection shall not be considered as a reduction in pipe size.

(4) **Minimum Size of Stack Vent or Vent Stack.** Any structure in which a building drain is installed shall have at least one stack vent or vent stack carried full size through the roof not less than 3 inches in diameter. Where one or more soil stacks are required to extend through the roof undiminished in size they should be the stack or stacks most remote from the location where the building drain leaves the building. When a soil or waste stack receives the discharge of fixtures located on 2 or more floors, and the uppermost fixture is located 3 or more floors above the building drain, such stack and stack vent shall continue undiminished in size through the roof. (Amended 4-5-73)

(5) **Provision for Future Fixtures.** When provision is made for future installation of fixtures, those provided for shall be considered in determining the required sizes of drain and vent pipes. Construction to provide for such future installations shall be terminated with a plugged fitting or fittings.

TABLE 131 (a) (2)B

MAXIMUM LOADS FOR SOIL AND WASTE STACKS IN FIXTURE UNITS

Diameter of Stack	Stacks of not more than 3 stories or Branch Intervals	Stacks of more than 3 stories or Branch Intervals	Total at One Story or Branch Interval
1½*	2	2	1
1½*	4	4	2
2*	9	18	6
2½*	20	42	9
3	36***	72***	24**
4	240	500	90
5	540	1,100	200
6	960	1,900	350
8	—	3,600	600
10	—	5,600	1,000
12	—	8,400	1,500

*No water closets permitted.
 **Not over 2 water closets permitted.
 ***Not over 6 water closets permitted, and not over 6 branch intervals on a 3 inch soil stack. (Amended 12-26-72)

(6) **Minimum Size of Underground Drainage Piping.** No portion of the drainage system installed underground shall be less than 2 inches in diameter.

(7) **Sizing of Offsets on Drainage Piping**

(aa) **Offsets of 45 Degrees or Less.** An offset in a vertical stack with a change of direction of 45° or less from the vertical, may be sized as a straight vertical stack.

(bb) **Offsets of more than 45 Degrees.** A stack with an offset of more than 45 degrees from the vertical shall be sized as follows:

The portion of the stack above the offset shall be sized as for a regular stack based on the total number of fixture units above the offset.

The offset shall be sized as for a building drain branch. Table 131(a)(2)A Maximum Loads for Horizontal Drains.

The portion of the stack below the offset shall be sized at least as large as the offset. (Amended 4-5-73)

(cc) **Above Highest Branch.** An offset above the highest branch connection is an offset in the stack vent and shall be considered only as it affects the developed length of the vent.

(dd) **Below Lowest Branch.** In the case of an offset in a soil or waste stack below the lowest branch connection, there shall be no change in diameter required if the offset is made at an angle of not greater than 45 degrees from the vertical.

If such offset is made at an angle of greater than 45 degrees from the vertical, the required diameter of the offset and the stack below it shall be sized as for a building drain. (Table 131(a)(2)A)

(8) **Fixture Connections to an Offset of More than 45° or at Base of Stack.** When stacks in buildings of 5 or more stories in height receive the discharge of fixtures 4 or more stories above the offset, no fixtures on the floor at which the offset occurs shall be connected to the stack within 8 feet of the base of the offset measured vertically or horizontally. Said fixtures may also be connected into vertical section of the stack more than 2 feet below the offset. Fixture connections to horizontal piping at the bases of such stacks shall be made in the same manner, or at a point acceptable to the Administrative authority.

(b) **Drainage Piping Installation**

(1) **Pitch or Horizontal Drainage Piping.** Horizontal drainage piping shall be installed in uniform alignment at uniform slopes in accordance with the following requirements and in no case at a slope which will produce a computed velocity of less than 2 feet per second, unless otherwise permitted by the Administrative Authority, based on hydraulic analysis of the piping system.

Size of Piping	Minimum Slope
Less than 3 inches	1/4 inch per foot
3 inches to 6 inches	1/8 inch per foot
8 inches and over	1/16 inch per foot

(2) **Change in Direction.** Changes in direction in drainage piping shall be made by the appropriate use of 45 degree wyes, long or short sweep quarter bends, sixth, eighth, or sixteenth bends, or by combination of these or equivalent fittings. Single and double sanitary tees, quarter bends, and long turn ells may be used in drainage lines only where the direction of the flow is from the horizontal to the vertical.

(aa) **Short Sweeps Permitted.** Short sweep bends or long turn ells 3 inch or larger in diameter may be used in soil or waste lines where the change in direction of flow is from either the horizontal to the vertical or from the vertical to the horizontal.

(3) **Prohibited Fittings and Connections.** No fittings having a hub in the direction opposite to flow, or straight tee branch shall be used as a drainage fitting. No fitting or connection which has an enlargement chamber or recess with a ledge or shoulder, or reduction in pipe area shall be used. No drainage or vent piping shall be drilled, tapped, or welded unless otherwise permitted by the Administrative Authority. Fittings used for back-to-back, wall outlet, blowout type water closet bowls shall have a baffle plate or other device to prevent the waste water from one water closet from entering the opposite water closet. No fixture connection shall be made to a closet bend. No running threads, bands, or saddles shall be used. The short pattern fitting in a horizontal position is prohibited in underground work.

(aa) **Heel or Side-Inlet Bends.** A heel or side-inlet quarter bend shall not be used as a vent when the inlet is placed in a horizontal position or any similar arrangement of pipe or fittings producing a similar effect.

(bb) **Obstruction to Flow.** No fitting, connection, device or method of installation which obstructs or retards the flow of water, wastes, sewage, or air in the drainage or venting system in an amount greater than the normal frictional resistance to flow, shall be used unless it is indicated as acceptable to this Code by having a desirable and acceptable function and as of ultimate benefit to the proper and continuing functioning of the plumbing system. The enlargement of a 3 inch closet bend or stub to 4 inches shall not be considered an obstruction, provided the horizontal flow line or insert is continuous without forming a ledge.

(4) **Dead Ends.** In the installation of a drainage system, dead ends shall be avoided except where necessary to extend piping for a cleanout so as to be accessible.

(5) **Building Drains Below Building Sewer.** Building drains which cannot be discharged to the sewer by gravity flow shall discharge into an approved watertight, gas tight vented sump or receiving tank, so located as to receive the sewage or wastes by gravity. From such sump or receiving tank the sewage or other liquid wastes shall be lifted and discharged into the building gravity drain by approved automatic pumping equipment. The system or drainage piping entering such sump shall be installed and vented as required in this section for a gravity system.

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RULES

(aa) Design of Sumps

(aa1) Sumps and receiving tanks shall be constructed of poured concrete, metal, or other approved materials. If constructed of poured concrete, the walls and bottom shall be adequately reinforced and designed to acceptable standards. Metal sumps or tanks shall be of such thickness as to serve their intended purpose and shall be treated internally and externally to resist corrosion.

(aa2) The discharge line from such pumping equipment shall be provided with an accessible back-water valve and gate valve, and if the gravity drainage line to which such discharge line connects is horizontal, the method of connection shall be from the top through a wye branch fitting. The minimum size of any pump or discharge pipe from a sump having a water closet connected thereto shall not be less than 2 inches.

(aa3) Building drains or building sewers receiving discharge from any pumping equipment shall be adequately sized to prevent over-loading. In all buildings, other than single and 2 family dwellings, should 3 or more water closets discharge into the sump, duplicate pumping equipment shall be installed.

(aa4) Sumps and receiving tanks shall be provided with gastight metal covers, except that float control or switch rods shall operate without binding. Such cover shall be of a bolt and gasket type or equivalent man-hole opening to permit access for inspection, repairs, and cleaning.

(bb) Sump Vent. The top of the sump tank shall be provided with a vent pipe which shall extend separately through the roof, or may be combined with other vent pipes. Such vent shall be large enough to maintain atmospheric pressure within the sump under all normal operating conditions and in no case less than in accordance with the number of fixture units discharging into the sump. When the foregoing requirements are met and the vent after leaving the sump, is combined with vents from fixtures discharging into the sump, the size of the combined vent need not exceed that required for the total number of fixtures discharging into the sump. No vent from an air operated sewage ejector shall combine with other vents.

(cc) Clear Water Sumps. Sumps and receiving tanks which receive only clear water drainage, and from which sewage is excluded, need not be air tight or vented.

MHD 134 Inspection, Tests and Maintenance

(a) Inspections. New plumbing systems and parts of existing systems which have been altered, extended or repaired shall be inspected and tested by the proper Administrative Authority to insure compliance with all the requirements of this Code and the installation and construction of the system in accordance with the approved plan and the permit, except that testing may be waived for work which does not include addition to, replacement, alteration, or relocation of any water supply, drainage or vent piping.

All the piping shall be tested and after the plumbing fixtures have been set, and before the system is put into use, the system shall be given a final inspection and test by the proper Administrative Authority.

(b) Notifications

(1) It shall be the duty of the plumbing contractor to notify the proper Administrative Authority and the Owner, or his authorized agent orally, by telephone, or in writing, not less than eight working hours between the hours of 8 a.m. and 4 p.m. before the work is to be inspected or tested.

(2) It shall be the duty of the plumbing contractor to make sure that the work will stand the test prescribed before giving the above notification.

(3) If the proper Administrative Authority finds that the work will not stand the test, the plumbing contractor shall be required to renotify as above.

(4) If the proper Administrative Authority does not appear for an inspection within 24 hours of the time set, excluding Saturdays, Sundays and Holidays, the inspection or test shall be deemed to have been made, and the plumbing contractor is required to file an affidavit with the proper Administrative Authority that the work was installed in accordance with the Code, the approved plans and permit, and that it was free from defects and that the required tests had been made and the system found free from leaks; also whether the owner or his authorized agent was present when such inspection or test was made.

(c) Material and Labor for Tests. The equipment, material, power, and labor necessary for the inspection and test shall be furnished by the plumbing contractor.

(d) Method of Testing. The air tests shall be applied to the plumbing drainage system in its entirety or in sections. Sections which are found satisfactory need not be retested after completion of the entire system unless considered necessary by the proper Administrative Authority.

(1) Rough Plumbing. Except for outside leaders and perforated or open drain tile, the piping of plumbing drainage and venting systems shall be air tested upon completion of the rough piping.

(aa) The air test shall be made by attaching the air compressor or

testing apparatus to any suitable opening and closing all other inlets and outlets to the system by means of proper testing plugs. Plaster paris shall not be used in roof terminals.

(bb) Air shall be forced into the system until there is a uniform pressure of 5 pounds per square inch on the portion of the system being tested. The pressure shall remain constant for 15 minutes without the addition of air.

(2) Finished Plumbing. After the plumbing fixtures have been set and their traps filled with water, their connections shall be tested and proven gas and water tight by plugging the stack openings on the roof and the building drain where it leaves the building, and air introduced into the system equal to the pressure of a one inch water column. Such pressure shall remain constant for the period of inspection without the introduction of additional air.

(e) Covering of Work. No building drainage or plumbing system or part thereof shall be covered until it has been inspected, tested, and approved as herein prescribed.

(f) Uncovering of Work. If any building drainage or plumbing system or part thereof is covered before being regularly inspected, tested, and approved, as herein prescribed, it shall be uncovered upon the direction of the proper Administrative Authority.

(g) Defective Work. If the inspection or test shows defects, such defective work or material shall be replaced and the inspection and test repeated.

(h) Building Sewer. The building sewer shall be inspected by the proper Administrative Authority to insure compliance with the provisions of the Code.

* * * * *

(k) Certificate of Approval. Upon the satisfactory completion and final inspection of the plumbing system, a certificate of approval shall be issued by the proper Administrative Authority.

(l) Air Test of Defective Plumbing. The air test shall be used in testing the sanitary condition of the drainage or plumbing system of all buildings where there is reason to believe that it has become defective. In buildings condemned by the proper Administrative Authority because of insanitary conditions of the plumbing system, the alterations in such system shall not be considered as repairs, but as new plumbing.

Where buildings are moved from one location to another, or raised for foundations, or where part of the plumbing system has been damaged by fire, storm, or other means, a final air test shall be applied and shall hold tight, if in the opinion of the Administrative Authority it is warranted in order to assure a sanitary plumbing system.

* * * * *

(n) Defective Fixtures. All installed fixtures found defective or in an insanitary condition shall be repaired, replaced, or removed upon written notice from the proper Administrative Authorities.

(o) Maintenance. The plumbing system of every building shall be maintained in a sanitary and safe operating condition.

APPENDIX D

WATER WELL CONSTRUCTION CODE

MHD 217 Location of Wells

* * * * *

(c) Distance from Pollution or Contamination Sources

(1) A well shall be at least:

* * * * *

(dd) Fifty feet (50 ft.) from a buried sewer, septic tank, subsurface disposal field, grave, animal or poultry yard or building, privy, petroleum storage tank, or any other sewage or liquid wastes that may drain into the soil.

RULES

(ee) Twenty feet (20 ft.) from a buried sewer constructed of cast iron pipe with tested watertight joints or other material acceptable to the Board; or a pit or unfilled space below ground surface, except an approved basement.

(ff) Wells less than 50 feet in depth and not encountering at least 10 feet of impervious material shall be located at least 150 feet from cesspools, leaching pits, or dry wells and at least 100 feet from a subsurface disposal field, manure storage pile or other source of contamination.²

* * * * *

APPENDIX E

Cons 72 Sanitary Provisions

* * * * *

(b) SEWAGE AND WASTE DISPOSAL

* * * * *

(4) Septic tank and soil absorption systems shall be set back from the normal high water mark in accordance with class of public waters:

- (aa) On Natural Environment Lakes and Streams, at least 150 feet;
- (bb) On Recreational Development Lakes, at least 75 feet;
- (cc) On General Development Lakes and Streams, at least 50 feet.

* * * * *

NR 79 Land Use Provisions

* * * * *

(d) SANITARY PROVISIONS

(1) The sanitary provision standards set forth in Minn. Regs. Cons. 72 of the Statewide Standards and Criteria for Management of Shoreland

Areas of Minnesota shall apply to Wild, Scenic and Recreational river land use districts.

(2) However, the provisions of Cons. 72 (b) (4) are superseded by the following setback provisions for septic tank and soil absorption systems.

	Setback from the normal high water mark
Wild River	150 feet
Scenic River	100 feet
Recreational River	75 feet
Tributaries	75 feet

* * * * *

NR 83 LAND USE CONTROL PROVISIONS

* * * * *

(d) Sanitary Provisions

* * * * *

(2) Sewage and Waste Disposal

* * * * *

(dd) Septic tank and soil absorption systems shall be set back from the ordinary high water mark in accordance with the class of public waters:

- (i) On Natural Environment Waters, at least 150 feet;
- (ii) On Recreational Development Waters, at least 75 feet; and
- (iii) On General Development Waters, at least 50 feet.

* * * * *

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PROPOSED RULES

Pursuant to Minn. Stat. § 15.0412, subd. 4, agencies must hold public hearings on proposed new rules and/or proposed amendment of existing rules. Notice of intent to hold a hearing must be published in the *State Register* at least 30 days prior to the date set for the hearing, along with the full text of the proposed new or amended rule. The agency shall make at least one free copy of a proposed rule available to any person requesting it.

Pursuant to Minn. Stat. § 15.0412, subd. 5, when a statute, federal law or court order to adopt, suspend or repeal a rule does not allow time for the usual rulemaking process, temporary rules may be proposed. Proposed temporary rules are published in the *State Register*, and for at least 20 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Department of Education Special Services Division Office of Public Libraries and Interlibrary Cooperation

Proposed Temporary Rules Governing the Library Grant Program

The State Board of Education has proposed the following temporary rules in response to Laws of 1978, ch. 546. Authority to adopt such temporary rules is provided by Laws of 1978, ch. 546, § 7.

All interested persons are hereby afforded the opportunity for 20 days after publication of this material in the *State Register* to submit data and views on the proposed temporary rules by writing to William Asp, Director of the Office of Public Libraries and Inter-Library Cooperation, Minnesota State Department of Education, 301 Hanover Building, 480 Cedar Street, St. Paul, Minnesota 55101. Such publication is hereby ordered.

Any written material received by the agency shall become part of the hearing record in the final adoption of the temporary rule.

Temporary Rules as Proposed

Chapter Forty: Libraries (all new material)

5 MCAR § 1.0800 Grant application and review procedures.



The Minnehaha Depot, built at East Forty-ninth St. and Minnehaha Ave. in Minneapolis during the 1870s, was one of three stops in the Milwaukee Road connecting Minneapolis with Chicago and the East. After construction of a direct route from Minneapolis to St. Paul in 1880, the depot was used mainly by commuters who paid five cents for the 16-mile ride. The depot closed in 1963 and has been restored to its Victorian appearance by the Minnesota Historical Society. (Drawing by Ron Hunt reprinted, with permission, from *A Living Past: 15 Historic Places in Minnesota*, copyright 1973, 1978 by the Minnesota Historical Society.)

A. Who may apply. Regional library systems designated as eligible under provisions of Laws of 1978, ch. 546, § 5, subd. 3 may apply for establishment grants as specified in 5 MCAR § 1.0801 and for regional library basic system support grants as specified in 5 MCAR § 1.0802 and for special project grants as specified in 5 MCAR § 1.0803. County and city public libraries which are participating in the aforementioned regional library systems may also apply for special project grants as specified in 5 MCAR § 1.0803. The Minnesota Department of Corrections and the Minnesota Department of Welfare may apply for grants for institution library service and for library service for the blind and physically handicapped as specified in 5 MCAR § 1.0804.

B. Application forms. All applications for grants shall be made on application forms provided by the office of public libraries and interlibrary cooperation (OPLIC), division of special services, Minnesota Department of Education. Content of application form varies with each type of grant and is specified in 5 MCAR §§ 1.0801-1.0804.

C. Application dates. All grant applications shall be filed on or before July 1 to be considered for funding during the succeeding state fiscal year provided that applications for

PROPOSED RULES

establishment grants shall be filed by regional library systems either on or before July 1 or on or before January 1, to be considered for funding for the succeeding twelve-month period. Applications for special project grants shall be filed on a date established annually by the state Board of Education and published in the newsletter of OPLIC not less than 90 days before such date.

D. Assurances. Grant applicants shall sign a statement of assurance that:

1. grant funds shall be used only for the purpose for which granted as specified in the approved grant application or approved by the director of OPLIC in an amendment to the original application filed under provisions of 5 MCAR § 1.0800, subd. G;

2. a narrative report indicating program or project results accomplished and a report of grant expenditures shall be filed with OPLIC on forms supplied by OPLIC no later than 90 days after the completion of the project or program, or the end of the state fiscal year, whichever is earlier provided that such period allowed shall not be less than 90 days;

3. if participation by a regional library system or a member local governmental unit is discontinued, ownership of the discontinuing system or unit's assets, including cash or the fair market value thereof if such assets cannot be transferred by the grantee, acquired during the last three years of participation from establishment grant and regional library basic system support grant funds, shall revert to the Minnesota state board of education for reassignment for library services elsewhere;

4. it will comply with the provisions of title VI of the civil rights act of 1964, (42 USC Sec. 2000d *et seq.*), its regulations and all other applicable federal and state laws and regulations.

E. Federal funds. The provisions of the library services and construction act, 20 USC 351 *et seq.* (1970), and its regulations shall apply to all projects and programs which are wholly or partially funded from grants received under the act.

F. Pertinent sections of Minnesota law. The activities and operations of applicants which are wholly or partially carried out with funds received through library grant programs shall be in accordance with relevant sections of Minnesota law.

5 MCAR § 1.0800

G. Notification, review, and request for additional information. Applicants shall be notified of the receipt of their applications. The director of the Office of Public Libraries and Interlibrary Cooperation shall review all applications for accuracy and completeness. Within 15 working days of receiving the application the director may request in writing the following additional information so that an applicant may more accurately or clearly describe the program or project for which grant funds are sought:

1. clarification of project or program objectives to better communicate functions or services to be performed;

2. clarification of proposed project or program implementation to better communicate how functions or services will be performed;

3. clarification of proposed project or program evaluation to better communicate evaluation methods to be used;

4. any other information which would strengthen or clarify the application.

If the additional information requested is not provided by the applicant within ten working days after the date of the request for additional information, the grant application shall be evaluated solely on the basis of the information it contains.

H. Grant awards. Grants shall be awarded by the state Board of Education for projects and programs in compliance with the law and these rules, subject to the availability of funds and such standards as are set forth for a grant program. All grant applicants shall be notified in writing within five working days of the action of the state board of education.

I. Amendments. If after a project or program has been funded, the grant recipient determines that modifications are necessary, the grant recipient shall file an amendment to the grant application. Budget modifications resulting in transfer from one budget category to one or more other budget categories of less than 20 percent of the total grant amount need not be filed as amendments. The grant amendment shall not change the purpose for which the grant was awarded. It shall, however, address at least one of the following:

1. modification of the scope or duration of the project or program, judged by the grant recipient to be necessary

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5 MCAR § 1.0800

based on the amount of funds granted or knowledge acquired in operating the project or program;

2. modification of project or program objectives, steps in implementation or evaluation judged by the grant recipient to be necessary based on knowledge acquired in operating the project or program;

3. modification of the budget of the project or program, within limits of the amount of the grant and amounting to more than 20 percent of the total grant amount, judged by the recipient to be necessary to most economically and practically achieve project objectives.

All amendments shall be filed in writing with the information the recipient determines is necessary to accurately and completely explain the need for the amendment.

The director of the Office of Public Libraries and Interlibrary Cooperation shall review all amendments and shall use the following standards in determining whether an amendment is approved:

1. the basic purposes for which funds were granted are not altered by the modifications; and/or

2. the proposed modifications result in improved project or program efficiency in terms of cost savings for equipment, materials, time or personnel, and/or

3. the proposed modifications result in improved project or program effectiveness in terms of greater quantities or qualities of service provided; and/or

4. the proposed modifications improve the applicant's ability to achieve the objectives of the project or program.

Approval or disapproval of all amendments shall be communicated to a grant recipient within ten working days following OPLIC's receipt of the proposed amendment.

5 MCAR § 1.0801 Establishment grants.

A. Application. Regional library systems may apply for establishment grants to extend library service to additional counties as authorized in Laws of 1978, ch. 546, § 3, subd. 2. Applicants shall submit the following information:

1. name, address and telephone number of applicant;

2. name of contact person;

3. name of county joining regional library system;

4. a copy of the resolution adopted by the county board of commissioners in which they agree to provide

minimum levels of local support as required by Laws of 1978, ch. 546, § 4;

5. purposes for which grant funds are requested, including a statement of program objectives and identification of results to be accomplished;

6. proposed expenditures to be made from grant funds.

B. Establishment grant formula. The amount of the establishment grant to a regional library system for each additional county to extend services shall be \$1.00 per capita plus \$10.00 per square mile for the first year, and \$.50 per capita plus \$5.00 per square mile for the second year, reduced by the population and land area of any nonparticipating governmental units. The most recent United States census is used to determine the population and land area.

C. Counties rejoining regional library systems. When a county has ceased to participate in a regional library system and at a later date rejoins a regional library system, no establishment grant shall be made.

5 MCAR § 1.0802 Regional library basic system support grants.

A. Application. Regional library systems may apply for regional library basic system support grants authorized in Laws of 1978, ch. 546, § 3, subd. 3. Applicants shall submit the following information:

1. name, address and telephone number of applicant;

2. name of contact person;

3. names of participating governmental units and identification of nonparticipating governmental units within participating counties;

4. name, educational background and library work experience of the chief administrative officer;

5. purposes for which grant funds are requested, including a statement of program objectives and identification of results to be accomplished;

6. for purposes of determining compliance with Laws of 1978, ch. 546, § 5, provision for each participating governmental unit of the following financial information:

a. the amount provided by the governmental unit for public library service during the preceding fiscal year;

b. the amount provided by the governmental unit for public library service during the current fiscal year.

PROPOSED RULES

7. proposed expenditures to be made from grant funds.

B. Criteria for eligibility. Regional library systems shall be designated as eligible by the state Board of Education provided they meet the criteria in Laws of 1978, ch. 546, § 5, and the following:

1. Employment of a chief administrative officer who has had at least two years of public library administrative experience and has received the master's degree in library science from a library education program accredited by the American Library Association.

2. Long range plan. Regional library systems shall provide to OPLIC by June 30 of each even-numbered year a long range plan which addresses the succeeding five years. Upon request by the regional library system, OPLIC staff shall provide consultation and advice on the content of the long range plan. The plan shall include narrative descriptions, goals and objectives which address the following:

a. service area; including steps to encourage participation of appropriate adjacent nonparticipating counties and cities;

b. funding; including cost projections to implement the first year of the plan;

c. personnel; including projections of numbers and qualifications needed to implement the plan;

d. collection development; including types and quantities, written materials selection policies of the applicant or of its members, a coordinated program of acquisition, identification and rectification of deficiencies, and sharing of resources;

e. programs of service; including minimum hours of operation of public service outlets and provision of book-mobile service;

f. physical facilities; including accessibility by the physically handicapped;

g. multitype library cooperation;

h. any other topics deemed appropriate by the regional library system.

C. Calculation of grant amounts. Regional library basic system support grants shall be calculated as specified in

5 MCAR § 1.0803

Laws of 1978, ch. 546, § 6 or in subsequent law. The most recent United States census shall be used in calculation of all per capita and land area amounts, reduced by the population and land area of any nonparticipating governmental units.

D. Audit. Regional library systems which receive regional library basic system support grants shall annually submit to OPLIC an audit of receipts and disbursements within 180 days after the end of the regional library system's fiscal year. The audit shall be performed by the staff of the state auditor's office, by a certified public accountant or by a public accountant as defined in and in accordance with Minn. Stat. §§ 6.64-6.71 (1976).

5 MCAR § 1.0803 Special project grants.

A. Application. Regional library systems and county and city public libraries which are participating in regional library systems may apply for special project grants as authorized by Laws of 1978, ch. 546, § 3, subd. 4.

B. Categories of emphasis. The advisory council to OPLIC, required in federal regulations, may select one or more categories of programs which are designated as eligible in the federal law and regulations as the highest priority for funding during a fiscal year. The categories so designated shall be published in the newsletter of OPLIC no less than 90 days prior to the application date and supplied to any potential applicant on request. Applications for projects or programs in the highest priority category shall be given extra consideration in the review process.

C. Regional library system review. County and city libraries which submit applications to OPLIC shall also submit a duplicate copy of the application to their regional library system for review and comment not less than 30 days prior to the application date. The regional library system may submit to OPLIC by the application date comments stating how the proposed project or program relates to the system long range plan and how the proposed project or program could benefit the system or its members.

D. Grants committee review. Applications for special project grants shall be reviewed by a grants committee of five persons appointed by the chairperson of the advisory council to the Office of Public Libraries and Interlibrary Cooperation. Special project grants shall be awarded on a competitive basis. Applications shall be evaluated in terms of:

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5 MCAR § 1.0803

1. relationship to categories of emphasis;
2. purposes for which grant funds are requested;
3. statement of project objectives and identification of results to be accomplished;
4. methodology for evaluating project results;
5. the project budget;
6. clear identification that the project activity would not or could not take place without a grant;
7. evidence that the project is either:
 - a. a one-time project of limited duration to accomplish an objective of long-term benefit; or
 - b. a pilot for contemplated future operation with a specific plan for absorbing it into on-going operations;
8. the comments from the regional library system review, when received;
9. qualifications of project staff.

The grants committee shall report its recommendations for projects to be funded to the director of OPLIC.

E. Office of Public Libraries and Interlibrary Cooperation review. The director of OPLIC shall review all applications and the funding recommendations of the grants committee for special project grants using the same standards applied by the grants committee and shall report recommendations for projects to be funded to the state Board of Education.

F. State Board of Education action. The state Board of Education shall review the funding recommendations of the director of OPLIC and shall award grants using the same standards applied by the grants committee and subject to the availability of funds.

5 MCAR § 1.0804 Grants for institution library service and for library service for the blind and physically handicapped.

A. Application. The Minnesota Department of Corrections and the Minnesota Department of Welfare may apply annually for grants to improve library services for institutionalized persons and for the blind and physically handicapped as authorized by Laws of 1978, ch. 546, § 6 and by the library services and construction act, 20 USC 351 *et seq.* (1970). Applicants shall submit the following information:

1. name, address and telephone number;
2. name of contact person;
3. locations where program activities will be carried out;
4. purposes for which grant funds are requested, including a statement of program objectives and identification of results to be accomplished;
5. proposed expenditures to be made from grant funds;
6. dollar amounts provided for library services by the departments during the preceding fiscal year;
7. numbers of services provided and numbers of persons served during the preceding year.

B. Eligible costs for institution library service. Funds are granted for library services for residents of corrections and welfare institutions and shall not be expended for library services for institution staff.

C. Office of Public Libraries and Interlibrary Cooperation review. The director of OPLIC shall review applications received and shall make recommendations to the state Board of Education regarding grant amounts based on the applicants' ability to provide services according to the information in the application.

D. State Board of Education action. The state Board of Education shall review the funding recommendations of the director of OPLIC and shall award grants using the same information used by the director of OPLIC and subject to the availability of funds.

Department of Health Health Systems Division Proposed Rule Relating to Charges for Examination Fees of Health Maintenance Organizations and Proposed Amendments to Rules Relating to Minnesota Hospital Rate Review System

Notice of Hearing

Notice is hereby given that a public hearing in the above-entitled matters will be held pursuant to Minn. Stat. § 15.0412, subd. 4 (1976), in the Board Room, Minnesota

PROPOSED RULES

Department of Health Building, 717 Delaware Street Southeast, Minneapolis, Minnesota, on Monday, September 25, 1978, commencing at 9:00 a.m.

All interested or affected persons will have an opportunity to participate concerning the adoption of the proposed rule relating to Health Maintenance Organizations and the proposed amendments to 7 MCAR §§ 1.471-1.511 (Hospital Rate Review rules) captioned above. Statements may be made orally and written material may be submitted. In addition, whether or not an appearance is made at the hearing, written statements or material may be submitted by mail to Harry Crump, Hearing Examiner, at Room 300, 1745 University Avenue, St. Paul, Minnesota 55104, telephone (612) 296-8111, either before the hearing or within five (5) working days after the close of the hearing. The hearing record may remain open for a longer period than five working days after the close of the hearing, but not longer than 20 calendar days, if ordered by the Hearing Examiner. All such statements will be entered into and become part of the record. Testimony or other evidence to be submitted for consideration should be pertinent to the matter at hand. For those wishing to submit written statements or exhibits, it is requested that at least three (3) copies be furnished. In addition, it is suggested, to save time and avoid duplication, that those persons, organizations, or associations having a common viewpoint or interest in these proceedings join together where possible and present a single statement in behalf of such interests. The conduct of the hearing shall be governed by the rules of the Office of Hearing Examiners, which are cited in 9 MCAR §§ 2.101-2.112.

A copy of the proposed rule and amendments is attached hereto and made a part hereof.

Copies of the proposed rule and amendments are now available and at least one free copy may be obtained by writing to the Minnesota Department of Health (Attention: Fredric Sattler), 717 Delaware Street Southeast, Minneapolis, Minnesota 55440. Additional copies will be available at the door on the date of the hearing.

A Statement of Need explaining the position of the Commissioner of Health relative to the necessity for the proposed rule and amendments and a Statement of Evidence outlining the testimony and evidence which will be introduced by the commissioner in support of the proposed rule and amendments will be filed with the Hearing Examiner's Office at least twenty-five (25) days prior to the hearing and will be available there for public inspection. The statutory authority of the Commissioner of Health to promulgate and adopt these rules is contained in Minn. Stat. §§ 62D.14, subd. 6

7 MCAR § 1.372

and 62D.20 (1976) relative to Health Maintenance Organizations and in Minn. Stat. §§ 144.695-144.703 (1976), relative to Hospital Rate Review.

In addition, please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the State Ethical Practices Board within five (5) days after he commences lobbying. Lobbying includes attempting to influence rulemaking by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than \$250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association and who spends more than \$250 a year or five (5) hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, St. Paul, Minnesota 55155, telephone (612) 296-5615.

Notice: Any person may request notification of the date on which the Hearing Examiner's Report will be available, after which date the agency may not take any final action on the rules for a period of five working days. Any person may request notification of the date on which the hearing record has been submitted (or resubmitted) to the Attorney General by the agency. If you desire to be so notified, you may so indicate at the hearing. After the hearing, you may request notification by sending a written request to the Hearing Examiner (in the case of the Hearing Examiner's Report), or to the agency (in the case of the agency's submission or resubmission to the Attorney General).

August 7, 1978

Warren R. Lawson
Commissioner of Health

Rule as Proposed

7 MCAR § 1.372 Other provisions.

A. Termination of coverage.

1. Justification. In addition to those reasons specified in § 62D.12, subd. 2 of the Act, a health maintenance organization may, upon thirty (30) days notice, cancel or fail to renew the coverage of an enrollee if such enrollee:

a. knowingly gives false, material information at the time of enrollment relative to his health status, provided

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such cancellation or nonrenewal is made six (6) months of the date of enrollment;

b. moves out of the geographic service area filed with the commissioner, provided such cancellation or nonrenewal is made within one (1) year following the date the health maintenance organization was provided written notification of the address change.

2. Notice.

a. In any situation where thirty (30) days notice of cancellation or nonrenewal of the coverage of a specified group plan or of the coverage of any individual therein is required, notice given by a health maintenance organization to an authorized representative of any such group shall be deemed to be notice to all affected enrollees in any such group and satisfy the notice requirement of the Act.

b. The notice requirement of § 62D.12, subd. 2, shall be deemed to be satisfied in the event of voluntary enrollee or voluntary group cancellation or nonrenewal of coverage, including such voluntary cancellation manifested by the enrollee's failure to pay the prescribed prepayment amount.

c. The notice requirement of § 62D.12, subd. 2, of the Act shall not compel a health maintenance organization to provide health care services beyond a date for which payment therefore may not reasonably be expected to be received.

3. a. A health maintenance organization may terminate enrollees who are covered dependents in a family health maintenance contract upon the attainment by the dependent enrollee of a limiting age as specified in the contract. Provided, however, that no health maintenance contract may specify a limiting age of less than eighteen years of age. Provided further that if any health maintenance contract provides for the termination of coverage based on the attainment of a specified age it shall also provide in substance that attainment of that age shall not terminate coverage while the child is (a) incapable of self-sustaining employment by reason of mental disability or physical handicap, and (b) chiefly dependent upon the enrollee for support and maintenance, provided proof of incapacity and dependency is furnished by the enrollee within 31 days of attainment of the age, and subsequently as required by the health maintenance organization, but not more frequently than annually after a two year period following attainment of the age.

B. Insurance terminology. Except as it relates to the name of any health maintenance organization, § 62D.12, subd. 3 of the Act shall not be construed to prohibit the use

of the words cited or described therein if such usage is incidental to the text of any health maintenance organization contract or literature, enhances the accuracy or understanding thereof, and is not deceptive or misleading.

C. Maximum enrollment. The maximum number of enrollees permitted a health maintenance organization shall pertain to current enrollment at any single point in time.

D. Enrollment discrimination. A health maintenance organization which refuses to enroll recipients of medical assistance or medicare because of its good faith inability to qualify for such payments because of state or federal requirements shall not be deemed to be discriminating against any such recipients.

E. Certificate of need. For the purpose of complying with § 62D.22, subd. 6, of the Act, any health maintenance organization intending to modify the construction of or construct a health care facility as defined in 7 MCAR § 1.370 A.4.b. shall be deemed to be an "applicant," as such term is defined in Section 201(b), Minnesota State Planning and Development Agency Certificate of Need Act Rules and Regulations, 1971.

F. Use of funds. All income of a health maintenance organization, however derived, including refunds, dividends or rebates on its insurance policies or nonprofit health service plan contracts, shall be considered part of its net earnings and subject to the provisions of Minn. Stat. § 62D.12, subd. 9.

G. Fees. Every filing submitted to the commissioner by a health maintenance organization subject to Minn. Stat. §§ 62D.01 to 62D.29 (the Health Maintenance Act of 1973) shall be accompanied by the following fees:

1. For filing an application for a Certificate of Authority, \$250.00.

2. For filing each annual report, \$50.00.

3. For filing an amendment to a Certificate of Authority, \$25.00.

4. For ~~all other filings, \$25.00~~ each examination, \$125.00 per eight hour day.

5. For all other filings, \$25.00.

The fees prescribed herein shall apply to all filings submitted to the Commissioner of Health after January 1, 1976.

PROPOSED RULES

Rules as Proposed

7 MCAR § 1.472

Chapter Twenty-Eight 7 MCAR §§ 1.471-1.511

7 MCAR § 1.472 Definitions. For the purposes of these rules, the following terms have the meanings given them:

A. "Accounting period" means the fiscal year of a hospital which is a period of twelve consecutive months established by the governing authority of a hospital for purposes of accounting.

B. "Admissions" means the number of patients accepted for inpatient services in beds licensed for inpatient hospital care- exclusive of newborn admissions.

C. "Applicant" means a voluntary nonprofit rate review organization which has applied to the Commissioner of Health* for approval or renewed approval of its reporting and review procedures.

D. "Auxiliary enterprises" means significant continuing revenue-producing activities which, while not related directly to the care of patients, are businesslike activities commonly found in health care institutions for the convenience of employees, physicians, patients and/or visitors:

1. An activity is significant if either its revenues or direct costs exceed \$.20 per inpatient day.

2. An activity is businesslike if it has related direct costs equal to at least 25% of its revenues.

3. Irrespective of the above criteria, all parking lots, private physicians' offices, and retail operations are considered to be auxiliary enterprises.

E. "Beds" means the number of acute care beds licensed by the Minnesota Department of Health, pursuant to Minn. Stat. §§ 144.50 to 144.58.

F. "Burden of proof" means the burden of persuasion by the preponderance of the evidence.

G. "Charges" means the regular amounts charged less expected bad debts, contracted allowances and discounts to patients and/or insurers, prepayment plans and self-insured

~~groups on the patient's behalf, irrespective of any discounts, deductions, or other reductions in these charges which, by contract or other agreement, may be applicable.~~ The terms "charges" and "rates" are synonymous for the purposes of these rules. "Gross charges" means "charges" irrespective of any discounts, deductions, or other reductions which by contract or other agreement, may be applicable. The terms "gross charges" and "gross rates" are synonymous for the purpose of these rules.

H. "Cost" means the amount, measured in money, of cash expended or other property transferred, services performed or liability incurred, in consideration of goods or services received or to be received.

I. "Emergency services" are those inpatient or outpatient hospital services that are necessary to prevent immediate loss of life or function due to the sudden onset of a severe medical condition.

J. "Emergency visit" means an acceptance of a patient by a hospital for the purpose of providing emergency services in a distinct emergency service center.

K. "Expanded facility" means any expansion or alteration in the scope of service of an institution subject to the provisions of the Minnesota Certificate of Need Law, Minn. Stat. §§ 145.71 to 145.84, or Section 1122 of the Social Security Amendments of 1972, Public Law 92-603, according to the definitions contained in these laws and the current regulations sanctioned by them.

L. "Expense(s)" means costs that have been incurred in carrying on some activity and from which no benefit will extend beyond the period for which the expense is recorded.

M. "Fiscal year" means that period of twelve consecutive months established by the state for the conduct of its business.

N. "Inpatient hospital services" means the following items and services furnished by a hospital to an inpatient of such a hospital:

1. bed and board;
2. nursing services and other related services;
3. use of hospital facilities;
4. medical social services;

*Pursuant to Laws of 1977, ch. 305, §§ 39 and 45, references to the State Board of Health have been deleted and Commissioner of Health has been substituted therefor.

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- 5. drugs, biologicals, supplies, appliances and equipment;
- 6. certain other diagnostic or therapeutic items or services; and
- 7. medical or surgical services provided by certain residents-in-training.

O. "Loss" means the excess of all expenses over revenues for an accounting period or the excess of all or the appropriate portion of the net book value of assets over related proceeds, if any, when items are sold, abandoned, or either wholly or partially destroyed by casualty or otherwise written off.

P. "Non-revenue center" means a service center which incurs direct operating expenses but which does not generate revenue directly from charges to patients for services. These centers, which rely on revenue from revenue centers to meet their expenses, may include such service centers of a hospital as:

1. General services, including:
 - a. dietary services;
 - b. plant operation and maintenance services;
 - c. housekeeping services;
 - d. laundry services; and
 - e. other services.
2. Fiscal services;
3. Administrative services; and
4. Medical care evaluation services.

Q. "Outpatient services" mean those services offered by a hospital which are furnished to ambulatory patients not requiring emergency care and which are not inpatient services.

R. "Outpatient visit" means an acceptance of a patient by a hospital for the purpose of providing outpatient services in a distinct outpatient service center.

S. "Program" means the reporting and review procedures proposed by an applicant.

T. "Quarter" means that period of the fiscal year corresponding to a three-month period of time for which the state

regularly gathers information for the conduct of its business. For purposes of these rules, a fiscal year is composed of four quarters corresponding to the following groupings of months: a quarter is defined by the time period represented by the months of July, August and September; a quarter is defined by the time period represented by the months of October, November and December; a quarter is defined by the time period represented by the months of January, February and March; and, a quarter is defined by the time period represented by the months of April, May and June.

U. "Rate" means "charges" as defined in 7 MCAR § 1.472 G. "Aggregate rate" means the average revenue per adjusted admission for a full accounting period determined by dividing total revenue by the number of adjusted admissions.

$$\frac{\text{Total Revenue}}{\text{Number of Adjusted Inpatient Admissions}}$$

Adjusted admissions are determined by:

$$\begin{aligned} &\text{Number of Outpatient \& Emergency Visits} \times \frac{\text{Total Outpatient \& Emergency Revenue}}{\text{Number of Outpatient \& Emergency Visits}} \\ &\times \frac{1}{\text{Inpatient Revenue Per Admission}} \text{ PLUS } \text{The Number of Inpatient Admissions} \end{aligned}$$

The aggregate rate for the budget year shall always be based upon annually projected admissions as stated in the rate revenue and expense report.

V. "Restricted funds" mean funds donated to the hospital which are restricted for a specific purpose by the donor.

W. "Revenue(s)" or "income(s)" means the value ~~at the of a hospital's full established charges of for all hospital services rendered to patients; regardless of the amounts actually paid to the hospital by or on behalf of patients; less expected and/or incurred bad debts, contracted allowances and discounts granted to patients and/or insurers, prepayment plans and self insured groups.~~ "Gross revenue(s)" or "gross income(s)" means "revenue(s)" or "income(s)" regardless of the amounts actually paid to or received by the hospital.

X. "Revenue center" means a service center which incurs direct operating expenses and which generates revenue from patients on the basis of charges customarily made for services that center offers directly to patients. Revenue centers may include such service centers of a hospital as:

1. Daily patient services (routine services) including:
 - a. medical services;

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- b. surgical services;
- c. pediatric services;
- d. intensive care services;
- e. psychiatric services;
- f. obstetric-gynecological services;
- g. new born nursery services;
- h. premature nursery services;
- i. other routine services.

2. Other nursing services (~~special~~ ancillary services), including:

- a. operating room services;
- b. recovery room services;
- c. delivery and labor room services;
- d. central services and supply services;
- e. intravenous therapy services;
- f. emergency services;
- g. other ~~special~~ ancillary services.

3. Other professional services (ancillary services), including:

- a. laboratories;
- b. blood bank;
- c. electrocardiology;
- d. radiology;
- e. pharmacy;
- f. anesthesia;
- g. physical therapy;
- h. other special services.

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Y. "Service center" means an organizational unit of a hospital for which historical and projected statistical and financial information relating to revenues and expenses are accounted. A service center may be a routine, special, or ancillary service center. A service center may also be a revenue center or a nonrevenue center.

Z. "System" means the Minnesota Hospital Rate Review System and any applicant approved to operate it or the Commissioner of Health.

AA. "Third party payors" mean insurers, health maintenance organizations licensed pursuant to Minn. Stat. ch. 62D, nonprofit service plan corporations, self-insured or self-funded plans, and governmental insurance programs, including the health insurance programs authorized by Title V, Title XVIII and Title XIX of the United States Social Security Act (Medicare and Medicaid).

BB. "Unrestricted funds" mean funds not restricted by the donor and funds designated by the governing authority of the hospital, not including revenues in excess of expenses.

7 MCAR § 1.474 Report requirements. The system shall require annual financial information and rate revenue and expense, and interim increase reports.

A. Annual financial information report. Each hospital shall submit an annual financial information report to the system. This report shall include:

1. A balance sheet detailing the assets, liabilities, and net worth of the hospital. This balance sheet should include information on:

a. Current assets, including:

- (1) cash;
- (2) marketable securities;
- (3) accounts and notes receivable;
- (4) allowances for uncollectable receivables and third party contractals;
- (5) receivables from third party payors;
- (6) pledges and other receivables;

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- (7) due from other funds;
- (8) inventory; and
- (9) prepaid expenses.

b. Plant capital allowances, including historical cost of, price level increments related to and accumulated depreciation related to:

- (1) land;
- (2) land improvements;
- (3) buildings;
- (4) leasehold improvements;
- (5) building equipment;
- (6) movable equipment; and
- (7) construction in progress.

c. Deferred charges and other assets, including:

- (1) other assets;
- (2) investments in nonoperating property, plant and equipment;
- (3) accumulated depreciation on investments in nonoperating plant and equipment; and
- (4) other intangible assets (e.g., good will, unamortized borrowing costs).

d. Current liabilities, including:

- (1) notes and loans payable;
- (2) accounts payable;
- (3) accrued compensation and related liabilities;
- (4) other accrued expenses;
- (5) advances from third party payors;
- (6) payable to third party payors;
- (7) due to other funds;
- (8) income taxes payable; and
- (9) other current liabilities.

e. Deferred credits and other liabilities, including:

- (1) deferred income taxes;
- (2) deferred third party revenue;
- (3) long-term debt; and
- (4) fund balances (identifying donor restricted and unrestricted funds).

f. In the case of hospitals owned by, operated by, affiliated with, or associated with an organization, corporation, or other hospital(s), a statement of the flow of funds between the hospital and that organization, corporation or other hospital(s). This statement shall detail all transactions between the hospital and the organization, corporation or other hospital(s).

In the event that a hospital maintains a balance sheet which includes information which differs from the information required by the balance sheet recommended by § 1.474 A.1., above, the hospital may substitute its balance sheet. This balance sheet shall include a narrative description of the scope and type of differences between its balance sheet and that balance sheet recommended by § 1.474 A.1., above.

2. A detailed statement of income and expenses, including:

- a. gross revenues from and expenses directly attributable to revenue centers;
- b. all operating revenues and expenses other than those directly associated with patient care;
- c. reductions in gross revenues that result from charity care, contractual adjustments, administrative and policy adjustments, provision for bad debts, and other factors;
- d. direct expenses incurred by the research and educational, general, fiscal, and administrative service centers;
- e. direct gross revenue and gross expense received or incurred from nonhospital operations; and
- f. a statement of expenses by a natural classification of expenses for the hospital as a whole. The natural classification of expenses may include such factors as:

- (1) Salaries and wages, including:
 - (a) management and supervision;
 - (b) technicians and specialists;

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- (c) registered nurses;
 - (d) licensed practical nurses;
 - (e) aides and orderlies;
 - (f) clerical and other administrative employees;
 - (g) environmental and food service employees;
 - (h) physicians;
 - (i) nonphysician medical practitioners;
 - (j) vacation, holiday, sick pay, and other nonworked compensation.
- (2) Employee benefits, including:
- (a) F.I.C.A.;
 - (b) state unemployment insurance and federal unemployment insurance;
 - (c) group health insurance;
 - (d) pension and retirement;
 - (e) workmen's compensation insurance; and
 - (f) group life insurance.
- (3) Professional fees — medical, including:
- (a) physicians' remuneration; and
 - (b) therapists and other nonphysician.
- (4) Other professional fees, including:
- (a) consulting and management services;
 - (b) legal services;
 - (c) auditing services; and
 - (d) collection services.
- (5) Special departmental supplies and materials.
- (6) General supplies, including:
- (a) office and administrative supplies;
 - (b) employee wearing apparel;
 - (c) instruments and minor medical equipment which are nondepreciable;
 - (d) minor equipment which is nondepreciable; and
 - (e) other supplies and materials.
- (7) Purchased services, including:
- (a) medical — purchased services;
 - (b) repairs and maintenance — purchased services; and
 - (c) medical school contracts — purchased services; and
 - (d) other purchased services.
- (8) Other direct expenses, including:
- (a) depreciation, amortization, and rental or lease expenses necessary to maintain an adequate plant capital fund, pursuant to 7 MCAR § 1.487 A.1.;
 - (b) utilities — electricity;
 - (c) utilities — gas;
 - (d) utilities — water;
 - (e) utilities — oil;
 - (f) other utilities;
 - (g) insurance — professional liability;
 - (h) insurance — other;
 - (i) licenses and taxes other than income taxes;
 - (j) telephone and telegraph;
 - (k) dues and subscriptions;
 - (l) outside training sessions;

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(m) travel; and

(n) other direct expenses.

In the event that a hospital maintains accounts which include information resulting in detailed statements of income and expense which differ from the information required by the statement of income and expense recommended by 7 MCAR § 1.474 A.2., the hospital may substitute its statement of income and expenses. This statement shall include a narrative description of the scope and type of differences between its statement of income and expenses and that statement recommended by 7 MCAR § 1.474 A.2.

3. An unaudited copy of the hospital's cost report filed pursuant to requirements of Title XVIII of the United States Social Security Act stated in 20 CFR 405.406(b), and the uniform cost report required under Public Law 95-142, Section 19. ~~This~~ These cost reports shall correspond to the same accounting period as that used in the compilation of data for other requirements for the report of annual financial information.

4. Attestation by the governing authority of the hospital or its designee that the contents of the report are true.

5. Attestation by a qualified, independent public accountant that the contents of the balance sheet and statement of income and expense have been audited.

6. A statement of changes in financial position showing the source and application of all funds.

7. A statement(s) of all fund balance(s).

8. All notes and footnotes to the balance sheet, statement of income and expense, statement of changes in financial position, and statement(s) of fund balance(s).

B. Rate revenue and expense report.

1. Each hospital shall submit a report of rate revenue and expense to the system on an annual basis. This report shall include statistical and financial information for:

a. The hospital's last full and audited accounting period prior to the accounting period during which a hospital files this report with the system. This period shall be known as the prior year. Information for the prior year shall be actual.

b. The hospital's full accounting period during which a hospital files this report with the system. This period shall be known as the current year. Information for

the current year shall be actual and estimated according to the following:

(1) information for at least the first six months shall be actual;

(2) information for the remaining months may be estimated.

c. The hospital's next subsequent full accounting period following the accounting period during which the report is filed with the system. This period shall be known as the budget year. Information for the budget year shall be projected.

2. Statistical information for the rate revenue and expense report shall include:

a. The number of inpatient days excluding nursery days for the hospital, and each appropriate service center.

b. The number of admissions for the hospital and for each appropriate service center.

c. The average number of full-time-equivalent employees during each accounting period for the hospital and for each of its service centers. An employee or any combination of employees which are reimbursed by the hospital for 2080 hours of employment per year is a full-time-equivalent employee.

d. The number of beds (licensed), the number (the statistical mean) of beds physically present, and the number (the statistical mean) of beds actually staffed and set up for the hospital and for each appropriate service center, excluding nursery bassinets.

e. The number of outpatient clinic visits for the hospital.

f. The number of emergency visits for the hospital.

g. The number of units of service provided by each of the hospital's other service centers. The hospital shall select the statistic that best measures the level of activity for a particular function or service center and that, in addition, is compiled on a routine basis by the hospital to serve as the appropriate unit of service for each of its service centers.*

3. Financial information for the rate revenue and expense report shall include:

*For example, although patient days might be used as the unit of service for daily patient services, treatments, procedures, visits, hours or other statistics would be the applicable measure of activity in other service centers.

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a. An interim financial statement of the hospital which shall include an interim balance sheet and an interim income and expense statement for the current year only. The balance sheet and income and expense statement shall conform to the requirements of 7 MCAR § 1.474 A.1. and 7 MCAR § 1.474 A.2. This financial statement shall contain a minimum of six months of actual information for the current year.

b. A statement of expenses for the hospital and for each of its service centers and a statement according to natural classifications of expenses as provided by 7 MCAR § 1.474 A.2.f.

c. A statement detailing the accounting method used to allocate expenses from among the nonrevenue centers to revenue centers, which shall detail compliance with the offsets to costs and allocation of costs specified by the bases for judging stated by 7 MCAR § 1.487 A.

d. A statement of total direct and indirect costs for the hospital and for each of its service centers before and after the allocation of expenses.

e. A statement of the accounts receivable by type of purchaser of services and a statement of the average aggregate number of day's charges outstanding at the end of each period.

~~f. A statement of changes in financial position showing the source and application of all funds for each period.~~

~~g. f.~~ A statement of the capital budget of the hospital.

4. The report of rate revenue and expense shall also contain the following information:

a. The pricing policy of the hospital which incorporates the overall pricing policy and financial objectives of the institution. This will be supplemented by a statement of budgeted increases in charges, revenue and aggregate rates for the budget year including these items:

(1) Date(s) on which gross charges, and gross revenue, and aggregate rates will be adjusted.

(2) For each such date, the resulting aggregate dollar amount and weighted average percent of increase in budget year aggregate rates and gross charges for each revenue center.

(3) For each such date, the resulting aggregate

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dollar and weighted average percent of increase in budget year total hospital gross revenues.

(4) For each date, the resulting aggregate dollar amount and percent of increase in the budget year aggregate rate.

b. Attestation by the hospital's governing authority or its designee that the rates are set equitably and without discrimination among insurers.

c. In the case of a hospital with expanded facilities, a copy of the hospital's report used to obtain a certificate of need for the expanded facility which projects the patient and service activity levels of the expanded facility for its first five years of operation.

5. If a hospital maintains its accounts in a way which necessarily results in detailed statements of income, expense and statistics differing in form and content from those recommended by this rule and 7 MCAR § 1.481 A. 1., the hospital may substitute the information it has available. However, in all such cases the hospital shall submit a detailed reconciliation of the differences between the two sets of information and presentations in conjunction with the rate revenue and expense report.

C. Interim increase reports.

1. Each hospital desiring to amend or modify the aggregate rates for the budget year stated in the rate revenue and expense report then on file with the system to an extent exceeding the allowable increase limit prescribed according to 7 MCAR § 1.504, shall submit an interim increase report.

2. In instances where changes in rates during the budget year are the result of legislative policy and appropriations to hospitals subject to these rules which are operated by the commissioner of public welfare, this report is not required.

3. The interim increase report shall include statistical and financial information for:

a. The period of the budget year immediately preceding the effective date of amendments of modifications to the rates for the budget year which are stated in the rate revenue and expense report then on file with the system. Data for this period shall be actual for all expired months of

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the budget year, excepting the sixty-day period immediately preceding the filing of this report for which data may be projected.

b. The period immediately subsequent to and including the effective date of these amendments or modifications which terminates at the end of the last day of the budget year. Information for this period shall be projected on the basis of these rate amendments or modifications.

4. Statistical information for each period established by 7 MCAR § 1.474 C. 3. for the interim increase report shall include that required of a hospital for the rate revenue and expense report, pursuant to 7 MCAR § 1.474 B.2., and 5., which shall be recorded for each period stated by 7 MCAR § 1.474 C. 3., above. This information shall indicate any change in the budget year from the projected information then on file with the system.

5. Financial information for each period established by 7 MCAR § 1.474 C. 3. for the interim increase report shall include that required of a hospital for the rate revenue and expense report, pursuant to 7 MCAR § 1.474 B. 3. and 5., which shall be recorded for each period stated by 7 MCAR § 1.474 C. 3., above. This information shall indicate any change in the budget year from the projected information then on file with the system.

6. This report shall also include a narrative statement describing the reason for amendments or modifications to the hospital's aggregate rates.

7 MCAR § 1.475 Experimental alternative reporting requirements. Each hospital meeting the criteria specified in paragraph A. of this section may file annual rate revenue and expense reports and interim increase reports according to paragraph B of this section, in lieu of information required under §§ 1.474 B. 2. and 1.474 B. 3.

A. Selection criteria. Nonstate, nonfederal acute care hospitals licensed in the State of Minnesota are eligible if they belong to the set of hospitals comprising 15% of the total gross acute (inpatient plus outpatient) charges for all nonstate nonfederal acute care hospitals in the state. Determination of the hospitals to be included in the set of hospitals comprising 15% of total state gross acute charges shall be made as follows:

1. The total gross acute charges used shall be for the prior year, pursuant to 7 MCAR § 1.474 B. 1. a., and shall be adjusted to represent a December 31 fiscal year end.

2. The hospital with the lowest total gross acute charges shall be selected first. The hospital with the second lowest total gross acute charges shall be selected second and

its gross acute charges shall be added to the first selected hospital's. The hospital with the third lowest gross acute charges shall be selected third and its total gross acute charges shall be added to the sum of the gross acute charges of the hospitals selected first and second. The procedure shall continue in direct ascending order so as to maximize the number of hospitals included, but the sum of gross patient charges included shall not exceed 15% of the total gross acute charges for all nonstate and nonfederal acute care hospitals.

B. Rate revenue and expense report.

1. Each hospital shall submit a report of rate, revenue and expense pursuant to 7 MCAR § 1.481 C. This report shall include statistical and financial information for:

a. The prior year as provided by 7 MCAR § 1.474 B. 1. a.

b. The current year as provided by 7 MCAR § 1.474 B. 1. b.

c. The budget year as provided by 7 MCAR § 1.474 B.1.c.

2. Statistical information submitted in the rate revenue and expense report shall include:

a. The number of inpatient days for the hospital.

b. The number of admissions for the hospital.

c. The average number of full-time-equivalent employees during each accounting period for the hospital. An employee or any combination of employees which is reimbursed by the hospital for 2080 hours of employment per year is a full-time-equivalent employee.

d. The number of beds licensed, the number (the statistical mean) of beds physically present, and the number (the statistical mean) of beds actually staffed and set up for the hospital.

e. The number of outpatient visits for the hospital.

3. Financial information submitted in the rate revenue and expense report shall include:

a. An interim financial statement as provided by § 1.474 B. 3. a.

b. A statement of expenses for the hospital accord-

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ing to natural classifications of expenses as provided by 7 MCAR § 1.474 A. 2. f.

c. A statement indicating the accounting method used to allocate expenses from among the "nonrevenue producing centers" to "revenue producing centers" as provided by 7 MCAR § 1.474 B. 3. c.

d. A statement of total "direct" and "indirect" costs and revenues where applicable for the hospital and for each of the following, both before and after allocation of indirect expenses:

(1) Daily services.

(2) Ancillary services.

(3) Nonrevenue producing services.

e. A statement of the accounts receivable by type of purchaser of services.

f. A statement of the capital budget of the hospital.

g. All information as provided by 7 MCAR § 1.474 B. 4. and 5.

C. Interim increase reports.

1. Interim increase reports shall be filed as required under 7 MCAR § 1.474 C. 1. and 2.

2. Statistical and financial information shall be filed as required under 7 MCAR §§ 1.474 C. 3., 4., 5., and 6., except when in conflict with information required in the rate revenue and expense report as provided by 7 MCAR § 1.475 B. In such circumstances, the information required by 7 MCAR § 1.475 B. shall be the required information.

D. Review and comment. The review and comment upon all experimental reports reviewed pursuant to 7 MCAR § 1.475 B. and C. shall be conducted and made as stated in 7 MCAR § 1.487 C. 2., with the exceptions of 7 MCAR §§ 1.487 C. 2. b. (1) (c) and 1.487 C. 2. b. (2) (b). The following shall substitute for 7 MCAR §§ 1.487 C. 2. b. (1) (c) and 1.487 C. 2. b. (2) (b):

1. Aggregate rate and costs and components of aggregate rates and costs have been demonstrated by the hospital

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to be consistent or inconsistent with the operating expenses found in 7 MCAR § 1.487 A. [1. a. (1), (2), (3), (4), (5)(a)(i)(ii); b. (1)(a)(5), (6), (7); 3., 4.] plus a maximum of 5% of reasonable operating expenses in lieu of 7 MCAR § 1.487 A. 1. [b. (1)(b), (2), (3), (4) and c.]

2. Sixty-six percent of the 5% plus factor provided in 7 MCAR § 1.475 D.1. shall be placed in an identifiable depreciation fund and may be used in the manner prescribed in 7 MCAR § 1.487 A. 1. b. and A. 1. b. (i).

E. Aspects of the experiment.

1. The alternative experimental reporting requirements shall remain in force for a period of four years (four complete reporting cycles) commencing with the effective date of these rules.

2. At the close of the third year of the experiment an evaluation of the alternative reporting requirements shall be made by the Department of Health in conjunction with all approved voluntary, nonprofit rate review organizations. The evaluation shall address the following, at a minimum:

a. the adequacy of the data;

b. impact of the reduced date set on the quality of rate reviews;

c. the appropriateness of the set of hospitals chosen to participate in the experiment; and

d. the appropriateness of adopting the requirements permanently.

7 MCAR § 1.487 Investigations, analysis and review standards. The system shall investigate, analyze and review all reports and other information it receives relating to hospital rates according to the following standards:

A. Bases for judging the reasonable use of finances in a hospital. In all investigations, analyses, and reviews conducted pursuant to Minn. Stat. §§ 144.695-144.703, and these rules, the system shall recognize that rates must supply the financial resources necessary to meet the financial requirements of a hospital. In meeting the reporting requirements of these rules, hospitals shall address the contents of their reports to and indicate their compliance with these financial requirements and to the other stated bases for

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judging the reasonable use of finances in a hospital. The system shall then conduct investigations, analyses and reviews following these established bases.

1. Financial requirements of hospitals. The gross rates charged to patients or their insurers by a hospital must be adequate to maintain the solvency of the hospital. Rates should provide adequate money to meet expenses incurred in the following specific categories:

a. Current operating needs related to patient care. In meeting the needs of a hospital to provide health care services, rates should provide finances necessary to meet expenses incurred by:

(1) Direct patient care.

(a) Rates should provide finances to meet expenses in this category which may include salaries, wages, employee fringe benefits, services, supplies, normal maintenance, minor building modification and any applicable taxes.

(b) The monetary value of services provided by members of religious orders, other organized religious or social service groups or organizations or by a unit of government, such as a county, may be included in rates, provided:

(i) that value does not exceed the amount that would have been paid to regular salaried hospital employees for the provision of the same services;

(ii) the maximum value for non-governmental services is the cash payment to the order, group or organization from the hospital;

(iii) that value is reduced by the expense incurred by the hospital for the provision of any room and/or board without charge to members of those orders, groups, or organizations.

(2) Interest expense.

(a) Rates should provide the finances necessary to recover costs incurred by the hospital due to necessary and proper interest on funds borrowed for operating and plant capital needs.

(b) Interest on funds borrowed for operating needs is the cost incurred for funds borrowed for a relatively short term. This interest is usually attributable to funds borrowed for such purposes as working capital for normal expenses.

(c) Interest on funds borrowed for plant capital needs is the cost incurred for funds borrowed for plant capital purposes, such as the acquisition of facilities and equipment, and capital improvements. These borrowed funds are usually long-term loans.

(d) Interest is necessary if it is:

(i) incurred on a loan made to satisfy a financial need of the hospital; loans which result in excess funds or investments should not be considered necessary;

(ii) incurred on a loan made for a purpose reasonably related to patient care; loans made for the following are not to be considered to be for a purpose reasonably related to patient care: to expand facilities that have been determined to have excess capacity, pursuant to 7 MCAR § 1.487 A.4.

(e) Interest is proper if it is incurred at a rate not in excess of what a prudent borrower would have to pay in the money market existing at the time the loan was made.

(3) Educational program expenses.

(a) Rates should provide the finances necessary to recover the net cost to the hospital of providing educational activities which:

(i) are approved educational activities and can be demonstrated to directly contribute to the care of patients who are in hospitals during the time the cost is incurred; or,

(ii) can be demonstrated to contribute to the preventive health education of the population of areas of patient origin which the hospital serves.

(b) "Approved educational activities" means formally organized or planned programs of study usually engaged in by hospitals in order to enhance the quality of patient care in a hospital. These activities shall be licensed where required by state law. Where licensing is not required, the hospital shall be able to demonstrate that it has received approval for its activity from a recognized national professional organization for the particular activity. Approved educational activities include those programs defined as approved by 20 CFR 405.116(f) (Medicare) and 20 CFR 405.421(e) (Medicare).

(c) "Net cost" means the cost of approved educational activities (including stipends of trainees, compensation of teachers, and other costs), less any reimbursement from grants, tuition and specific donations. Noninpatient revenue sources, including fees from those receiving educational benefits, should be investigated and utilized

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prior to the inclusion of the cost of community preventive health education in financial requirements.

(d) "Orientation" and "on-the-job training" costs are recognized as normal operating costs of hospitals for employees of the hospital.

(e) The extent of costs incurred for the provision of educational activities contributing to the preventive health education of the population of the hospital's areas of patient origin should not exceed that amount necessary to provide activities recommended appropriate for hospitals by the State Health Planning and Development Agency, and appropriate health systems agency, pursuant to Public Law 93-641, § 1523 and § 1513, respectively.

(4) Research program expenses. Rates should provide finances necessary to meet costs incurred by a hospital due to research programs which directly relate to daily patient care to the extent that non-patient revenue of the hospital is unavailable to offset these research costs. Rates should not provide finances necessary to meet costs incurred by a hospital due to research purposes, over and above usual patient care.

(5) Bad debt, charity allowances, and contractual allowances.

(a) Gross Rates should provide finances necessary to recover losses in gross revenue due to bad debts, charity allowances, and governmental contractual allowances.

(i) "Bad debts" mean amounts considered to be uncollectable from accounts and notes received which were created or acquired in providing services. Accounts receivable and notes receivable are designations for claims arising from the rendering of services, and are collectable in money in the near future. These amounts should not include any amount attributable to a reclassification of any expenses incurred due to the provision of charity care. Income reductions due to charity allowances, and contractual allowances should be recorded as such in the records of a hospital and not as bad debts.

(ii) "Charity allowances" mean the provision of care at no charge to patients determined to be qualified for care according to 42 CFR 53.111 (f) and (g), in hospitals required to provide free care, pursuant to 49 U.S.C. § 291, *et. seq.* (The Hill-Burton Act). The annual amount of charity care shall be no greater than the amount of the Hill-Burton grant or Hill-Burton guaranteed loan

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amortized in equal installments over the life of the hospital's Hill-Burton free care obligation.

(iii) ~~"Contractual Governmental contractual allowances;" "cost justified discounts" and "non-cost justified discounts."~~ are those discounts from the established gross charges required due to governmental reimbursement practices established pursuant to regulations authorized by such governmental programs as those created by Title V, Title XVIII and Title XIX of the United States Social Security Act.

(aa) ~~"Governmental contract adjustments"~~ are those discounts from the established charges required due to governmental reimbursement practices established pursuant to regulations authorized by such governmental programs as those created by Title V, Title XVIII and Title XIX of the United States Social Security Act.

(bb) ~~"Cost justified discounts" or "differentials"~~ means those cash, trade, or quantity discounts or differentials from the established charges. In order to include the amount of these discounts or differentials in rates, hospitals shall demonstrate that the value, as measured in money, of services or other benefits for an accounting period provided by certain patients, groups of patients, or third party payors to the hospital is equal to or greater than the aggregated amount, as measured in money, of the differential or discount granted to certain patients, groups of patients or third party payors for that same accounting period.

(cc) ~~Discounts or differentials which are not cost justified in a manner consistent with 7 MCAR § 1.487 A. 1. a. (5) (a) (iii) (bb); above, shall not be included in rates but shall be treated as reductions in revenue and recorded by the hospital as such.~~

(b) The losses in revenues due to bad debts, charity allowances, and governmental contractual allowances should be offset by available and applicable income from sources other than patients, as identified by 7 MCAR § 1.487 A. 2., before these losses are included in rates. Such offsets should never result in a condition where charges are lower than the actual cost of providing care for purposes of reimbursement by third party payors or by governmental programs.

(6) "Discounts" and/or "price differentials" are those discounts and/or prices granted and/or charged to certain payors (patients, groups of patients, or third party

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payors), which result in receipts by a hospital of something less than the average expected dollar amount received for services rendered of comparable type, kind, and quality in the absence of such discounts and/or prices. These discounts and/or price differentials shall be classified as either cost justified or non-cost justified.

(a) "Cost justified discounts" and/or "cost justified price differentials" are discounts and/or price differentials, as measured in dollars, for the services and/or other benefits given to a hospital by a payer during an accounting period. Cost reducing benefits and services that shall be considered in a determination of whether a discount is cost justified include:

(i) hospital administration;

(aa) payer admitting requirements;

(bb) payer accounting and audit requirements;

(cc) payer billing costs;

(ii) hospital working capital requirements;

(aa) cash and prepayment;

(bb) the length of time taken to pay bills;

and

(iii) other cost reducing activities undertaken by specific payers that do not simply and inequitably shift costs from one payer to another (primary consideration should be given to activities that serve the long-range interests of a system-wide reduction of hospital costs).

(b) "Noncost justified discounts" and/or "noncost justified price differentials" are all other discounts and/or price differentials that are not cost justified in a manner consistent with 7 MCAR § 1.487 A. 1. a. 6. (a).

(c) "Cost justified discounts" and/or "price differentials" shall be granted to payers for hospital services and may be included in a hospital's financial requirements if:

(i) the amount of the discounts or price differentials as measured in dollars is equal to or less than the value of services or other benefits given to a hospital by a payer during accounting period; and

(ii) the dollar value, per adjusted admission, of the services or other benefits offered to a hospital by a payer is first subtracted from the average cost (which includes the cost saving associated with the service or of benefit given) per adjusted admission for all patients.

(d) "Noncost justified discounts" and/or "noncost justified price differentials" shall not be included in a hospital's financial requirements.

b. Plant capital needs. Rates should provide the finances necessary for various plant capital needs. In order to include plant capital needs in rates, the hospital must fund the plant capital requirement and be in receipt of a certificate of need as required by Minn. Stat. §§ 145.71-145.84. Funding of depreciation shall mean the actual placement of the cash in the fund or meeting the capital obligations and depositing the net amount to the fund.

(1) Finances which relate to land, land improvement, building and building equipment and movable equipment shall be placed in an identifiable fund. The use of the fund shall be restricted to debt principal retirement, new plant and equipment (with certificate of need approval if necessary), major repairs (that are capitalized), replacement of capital equipment (with certificate of need approval if necessary), and Hill-Burton free-care expenses in excess of those accounted for by 7 MCAR § 1.487 A. 1. a. (5) (a) (iii) and all other free-care (not to exceed 3% of operating expenses net of medicare and medicaid expenses). The annual increment to this fund should be:

(a) The annual straight-line depreciation expense on land improvements, buildings, building equipment and movable equipment.

(b) Plus inflation factors, an amount annually determined (for each hospital) and to be consistent with the established useful lives of land improvements, buildings, building equipment, and movable equipment. These inflation factors This amount shall be determined by the system on the basis of a price level adjustment as follows: index recognized by independent public appraisers as expressing the annual price level adjustment from historical cost of hospital land improvements, buildings, hospital building equipment and movable equipment. The system shall derive these factors from any of the most current indices then available to the system which give specific recognition to the following factors:

(i) An index or cumulative index determined by the system and recognized by independent public appraisers as expressing the annual effects of inflation upon historical cost from the year of purchase of hospital land improvements, buildings, hospital building equipment and

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movable equipment and shall be multiplied by an asset(s) annual depreciation expense.

(ii) The index for the budget year's expected annual depreciation expense shall not exceed 1.04.

(c) The system shall derive these indices from any of the most current indices then available to the system which give specific recognition to the following factors:

(i) the effect of inflation upon the replacement cost of existing land improvements, buildings, building equipment, and movable equipment, based upon their historical cost; and

(ii) the effect of inflation upon funds necessary for the modification of or addition to hospital buildings, land improvements, building equipment, and movable equipment.

(2) 100 percent of the inflation factors should be included by the hospital as the annual inflation factor unless the hospital has been determined to have excess capacity, as provided by 7 MCAR § 1.487 A.4., or by the appropriate health systems agency, professional standards review organization and State Health Planning and Development Agency. In instances where excess capacity exists, the annual inflation factor and the level of debt principal payment in excess of the depreciation allowance permitted by 7 MCAR § 1.487 A.1.b. (1) should be reduced by the proportion of facilities determined to be in excess.

(3) The fund may not be sufficient to retire existing debt.

(4) The annual interest income earned from an investment of this fund annually should be used to reduce the inflation factor requirements for plant capital needs which are included in rates. In addition, the annual increment to the plant capital fund, when projected over the lives of the depreciable assets of the hospital using the current year's experience, should be evaluated with regard to the individual hospital's capital needs in relationship to the appropriate health systems agency's areawide health plan and the State Health Planning and Development Agency's State Health Plan.

(5) In the event that sufficient financial resources are not available in this fund to meet plant capital needs (including the need for the replacement of existing facilities and the need for expansion of the scope of services to ac-

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commodate advances in medical technology, where either or both of these needs have received certificate of need approval when required), the additional financial resources should be acquired from:

(a) income from appropriate sources other than patients;

(b) borrowed funds or leases to the extent income from sources other than patients can be demonstrated to be inadequate; or

(c) approved inclusion in rates to the extent it can demonstrate that insufficient resources exist from (a) and (b) above, and that inclusion in rates will result in a lower cost to current patients than would result from the borrowing of funds or leasing of plant capital assets. Approval of inclusion in rates shall be by the system upon demonstration by the hospital of both of the conditions herein stated. Once approved, the inclusion in rates of these additional financial requirements may be considered reasonable. Any portion of the annual equal amortized historical cost of any plant capital needs, as determined over the useful life of those plant capital needs, so included in rates should not be depreciated.

(6) If a hospital can demonstrate that an emergency exists, then the hospital may, with certificate of need approval, include the cost of the emergency plant capital needs directly in its rates in a manner consistent with the previous financial practices of that hospital.

(7) If a hospital can demonstrate that the assumption of any specific capital debt will result in a greater cost to current patients than depreciation or retirement of that debt under consistent financial practices of that hospital which differ from the determination of plant capital needs as stated by these rules, then a hospital may choose an alternative method of meeting its plant capital needs. In this instance, the hospital should provide complete information to the system regarding the precise method which will be used to meet such a plant capital need. Direct inclusion of plant capital needs in rates requires approval by the system as provided by 7 MCAR § 1.487 A.1.b., above.

c. Incremental operating cash needs. Rates should provide finances to maintain a reasonable working capital allowance.

(1) The working capital allowance which may be included in rates is determined by the annual incremental

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difference between (net accounts receivable and inventories and prepaid expenses) and (salaries payable and other net payables) at the end of an accounting period. Any increases in working capital over the prior year, as stated in the first report of annual financial information submitted to the system by a hospital shall form the initial basis for the system's assessment of the reasonableness of the working capital allowance.

(2) The amount of working capital is dependent upon the number of days charges in accounts receivable for the hospital. These days charges should be stated in aggregate for an accounting period. A statement of accounts receivable by payor must also be provided.

(a) Payors may include:

(i) third party payors, including:

- (aa) Medicare;
- (bb) Medicaid;
- (cc) Blue Cross;
- (dd) health maintenance organizations;
- (ee) other insurers, and

(ii) paying patients.

(b) The number of days charges in accounts receivable for the hospital is determined by:

$$\frac{\text{Total Net Accounts Receivable} \\ \text{At The End Of An Accounting Period}}{\frac{\text{Total Patient Charges For} \\ \text{The Same Accounting Period}}{\text{Actual Number of Calendar Days} \\ \text{In That Same Accounting Period}}}$$

(3) "Net accounts receivable" means the dollar amount accounts receivable at the end of an accounting period less estimated discounts and differentials and reserve for uncollectables.

(a) To the extent that the number of days charges in accounts receivable for a hospital increases from one accounting period to another subsequent accounting period, the hospital may increase rates to maintain its working capital allowance.

(b) To the extent that the number of days charges in accounts receivable for a hospital which is attributable to a particular payor or category of payors de-

creases, the working capital allowance should be reduced by that amount.

(4) "Inventories" means the dollar amount in inventories at the end of an accounting period. The dollar amount in inventories should not increase from one accounting period to another subsequent accounting period unless the hospital can justify such an increase as due to inflation, alterations in scope or volume of services offered.

(5) "Other net payables" means total payables at the end of an accounting period less all liabilities owed to third party payors and less the current portion of plant capital expenditure from the plant capital fund.

(6) The reasonableness of the working capital allowance depends upon factors including:

(a) The number of days charges in accounts receivable for a hospital compared with the number of days charges in accounts receivable for other hospitals determined by the system to share common characteristics. This number may be compared for hospitals in total.

(b) The amount of bad debts accrued by a hospital during an accounting period; and

(c) The amount of finances a hospital may hold in reserve funds:

2. ~~Income~~ Restricted and unrestricted funds from sources other than patients. In all investigations, analyses, and reviews conducted pursuant to these rules, the system shall recognize that hospitals have sources of ~~income~~ funds other than patients which are intended to be or may be used for the reduction of its rates. In meeting the reporting requirements of these rules, hospitals shall disclose the extent of which ~~this income is~~ these funds are used to offset costs and to provide service in such a manner as to reduce gross rates charged patients. This income includes:

a. Restricted endowment funds, specific purpose funds, tax funds (tax receipts or appropriations received) and gifts.

(1) ~~Income~~ Monies from endowment funds, and/or gifts restricted by donors, or monies generated by taxes to provide for services for designated patients should be used to reduce the payment for those services.

(2) ~~Income~~ Monies from endowment funds, and/or gifts restricted by donors or monies generated by taxes to provide for buildings and movable equipment should be used to reduce the designated building and movable equipment capital needs, (this may include debt principal retirement) as appropriate.

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(3) If a hospital has restricted funds which could be used for a building or equipment purchase but chooses instead to use borrowed money, all costs associated with paying off the incurred debt should not be considered reasonable unless the hospital demonstrates that the financing method used was to the economic benefit of patients then utilizing that building or equipment.

(4) If funds are restricted to a particular type of plant capital project, which is not a replacement of a previous or existing project, these funds should not be used until the hospital has obtained a certificate of need, if required, for that type of plant capital project.

(5) Funds restricted to research should be used if needed and available to offset any research costs. Patient revenues from revenue cost centers should not be used to provide matching monies for non-patient-care related research.

(6) Monies from endowment funds, and/or gifts restricted by donors or monies generated by taxes to provide for operating expenses should be used to reduce payments for operating expenses.

b. Unrestricted funds from nonpatient sources. Unrestricted funds from nonpatient sources should be used to reduce the total financial requirements of a hospital. Exceptions to this rule may be granted if the hospital can show that alternative uses of these funds are to the economic benefit of current patients and/or are in the best interests of the community served.

c. Auxiliary enterprises. Profits from such enterprises operated by hospitals should be used primarily to offset the financial requirements of a hospital. Such enterprises should be self-sufficient and profitable. Any losses incurred by the hospital due to such an enterprise which can be demonstrated to be a fringe benefit to hospital employees or of direct economic benefit to patients receiving care during the period of incurred loss may be included in rates.

d. Special projects income. Income received to finance special projects or salaries paid to special project employees should be deducted from financial requirements before determining the amount of payment to be made for patient services. Income to the hospital from the special projects in excess of the projects' financial requirements should be used to offset the hospital's financial requirements.

e. Income from sources other than patients used as

offsets to rates should never result in a condition where charges are lower than the actual cost of providing care for purposes of reimbursement by third party payors or by governmental programs. If such a condition should result, the offsets should be adjusted to that portion which would not cause this condition.

~~3. Variations from budgeted volumes of activity and service. Changes in the aggregate rate may be necessary due to variations from budgeted volumes of activity and service. The financial requirements of a hospital for a budget year should reflect adjustments in volumes of activity and service realized during the prior and current years.~~

~~a. If a hospital over-projects its volume in a service center, in the next year its financial requirements should be increased by an amount equal to the ratio of fixed to total costs for that service center multiplied by the income loss due to unrealized activity.~~

~~b. If a hospital under-projects its volume in a service center, in the next year its financial requirements should be reduced by the ratio of fixed to total costs of that service center multiplied by the income loss due to unrealized activity.~~

~~e. The system proposes three alternative procedures for identifying the costs related to increased volume or reduction in expenses anticipated resulting from decreases in volume as compared to original budget forecast.~~

~~(1) Alternative 1. The system will establish different fixed to variable expense ratios for different peer groups of hospitals. The ratios will vary from 80%/40% and shall be applied to hospitals in a manner consistent with the hospital's size and complexity of services. The fixed to variable expense ratio will be applied to total patient admissions adjusted for outpatient activity, with the adjustment based on the ratio of outpatient revenues to inpatient revenues.~~

~~(2) Alternative 2. In the event that an individual hospital identifies that its fixed to variable expense ratio differs significantly in aggregate total from that established by the system, that hospital may submit supporting data to the system requesting a fixed to variable ratio different than that adopted for its peer group. In such cases, the system may approve a fixed to variable expense ratio other than that established under 7 MCAR § 1.487 A. 3. e. (1). Under this alternative, the fixed to variable ratio would be applied to adjusted patient admissions, with the adjustment based on~~

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the ratio of outpatient revenues to inpatient revenues. Revenue and rate adjustment based on volume variance within the provisions of Alternative 1 and 2 can be made on aggregate average annual rates per adjusted patient admissions. These rates, based on total approved budget, are identified at the time of the budget review.

(3) Alternative 3. In the event that a hospital has identified that its operating expenses by service center depart drastically from the fixed to variable expense ratio at the aggregate level, such a hospital may submit supporting data at the aggregate level, such a hospital may submit supporting data to the system establishing a different fixed to variable expense ratio for each service center. In such instances, the volume variances would be measured according to the unit of service established for each service center, and the expense adjustment allowance would be based on the ratio of fixed to variable expenses for each service center, rather than on the aggregate overall average expenses and per adjusted admission.

3. Variations from budgeted revenue and expense. Changes in aggregate rates may be necessary due to variations from budgeted volume and mix of services, and assumptions about future input prices. The financial requirements of a hospital for a budget year should reflect variations from budgeted revenue and expense as depicted by actual experience in the current and prior years.

a. If actual reasonable financial requirements pursuant to 7 MCAR § 1.487 C. 2. b., as reconciled to an audit, are in excess of actual reasonable revenues, as reconciled to an audit, pursuant to 7 MCAR § 1.487 C. 2. b., by a greater margin than was previously budgeted in the year in question, then the excess may be included in the forthcoming budget year's reasonable financial requirements pursuant to 7 MCAR § 1.487 C. 2. b.

b. If actual reasonable revenues pursuant to 7 MCAR § 1.487 C. 2. b., as reconciled to an audit, are in excess of actual reasonable financial requirements, as reconciled to an audit, pursuant to 7 MCAR § 1.487 C. 2. b., for the year in question, then the excess may be used to offset the forthcoming budget year's reasonable financial requirements pursuant to 7 MCAR § 1.487 C. 2. b.

c. When adjusting the forthcoming year's budgeted reasonable financial requirements pursuant to 7 MCAR § 1.487 C. 2. b. for the conditions described in 7 MCAR §§ 1.487 3. a. and 1.487 3. b.:

(1) Hospitals should not benefit from unanticipated gains resulting from under estimates of projected reasonable revenues, and/or volume, and/or over estimates of the costs of services delivered pursuant to 7 MCAR § 1.487

C. 2. b., however, hospitals should benefit from productivity increases that reduce the reasonable cost of delivered and/or offered services pursuant to 7 MCAR § 1.487 C. 2. b.

(2) Hospitals should not be penalized for incurring unanticipated losses resulting from over estimates of reasonable volume, and/or revenue, and/or under estimates of the reasonable costs of services delivered (when compared to the allowable increase limit adjusted for actual inflation for the relevant period), however, hospitals shall not carry forward losses that result from conditions that should have been averted and/or decreases in productivity.

(3) If current year estimates of unanticipated losses exceed .005 times the hospital's operating budget, then that amount in excess of the loss estimated in the budget year may be carried forward to the forthcoming budget year. The estimated loss carried forward from the budget year must be reconciled to an audit in a subsequent filing (when the budget year becomes the prior year).

4. Excess capacity. For hospitals with occupancy rates, based upon staffed and set up beds, below the average occupancy rate of other hospitals determined by the system to share common characteristics, the aggregate rate set on the basis of costs may produce unreasonable charges to patients. The system may assess the aggregate rate of such hospitals where the criteria of need for beds shall be consistent with the demand for beds as indicated on a hospital or a service center level by occupancy rates. In cases where low occupancy appears to affect the aggregate hospital rate, the hospital shall be considered to have excess capacity.

a. Prior to any determination by the system that excess capacity exists in a hospital, the system shall submit its preliminary determination to the appropriate health systems agency and to the State Health Planning and Development Agency, both of which are identified according to Public Law 93-641, §§ 1515 and 1521, as well as the appropriate professional standards review organization. These agencies may comment to the system regarding the consistency of this preliminary determination with health care standards regarding occupancy rates in their areas of expertise.

b. If these agencies comment that this preliminary determination is consistent with health planning standards and, if applicable, the declarations of an appropriateness review, then the system may determine a hospital to have excess capacity. This determination shall state in quantitative terms the extent of any determination of excess capacity and the basis for the determination.

c. In hospitals where excess capacity exists, the annual inflation factor and any debt principal payment to the plant capital fund which relates to beds, in excess of the

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depreciation allowance permitted by 7 MCAR § 1.487 A.1.b.(1), should be reduced by the proportion of excess beds to total beds available.

B. Investigations.

1. The system may investigate any or all hospital rates, rate components or rate structures established by a hospital or common to more than one hospital. Such investigations shall be supplemental to and not in place of review of reports of rate revenue and expense or interim increase reports as authorized by 7 MCAR § 1.487 C.2.

2. The system shall investigate the basis of existing rates as contained in the rate revenue and expense reports of hospitals in an effort to assess whether or not current rates are reasonable, equitable, and nondiscriminatory among insurers.

3. The system shall notify any hospital or hospitals whose rates, rate components or rate structures are to be investigated, as provided by (1) or (2) above, and shall state the objective of such an investigation.

4. Investigations and subsequent reports shall analyze rates, rate components and rate structures in accordance with the bases for judging established by 7 MCAR § 1.487 A.

5. Investigative report. Subsequent to an investigation, the system shall issue an investigative report which shall detail its findings. The findings of an investigative report shall be considered in the review of any interim increase or rate revenue and expense report subsequently submitted by an investigated hospital.

C. Review of reports.

1. General provisions: completeness.

a. Each report required by these rules shall be reviewed by the system in order to ascertain that the report is complete. A report shall be deemed to be filed when the system has ascertained that the report is complete. Complete means that the report contains adequate data for the system to commence its review in a form determined to be acceptable by the system pursuant to 7 MCAR § 1.474 A., 7 MCAR § 1.474 B., and 7 MCAR § 1.474 C., as appropriate.

b. If the system has not responded to the hospital within ten working days after the receipt of a report by the

7 MCAR § 1.487

system, the report is deemed to be complete and filed as of the initial day of receipt by the system. The system may stipulate any additional time it may need to ascertain a report's completeness in which case, the ten working day period does not apply. Such stipulated additional time shall not exceed thirty days after the day of the initial receipt of a report by the system. If a report is not found to be incomplete during such additional period, it shall be deemed to be complete and filed as of the initial day of receipt by the system.

c. A report determined by the system to be incomplete shall be returned immediately by the system to the hospital with a statement describing the report's deficiencies. The hospital shall resubmit an amended report to the system. Such a return and resubmittal shall be recorded in that hospital's file as maintained by the system. If the resubmitted report is determined to be complete by the system, then it shall be deemed to be filed on the date the resubmitted report is received by the system.

d. Reports filed with the system by hospitals prior to the effective date of this rule shall be deemed to be temporarily complete. Subsequent to the effective date of these rules, the system may require hospitals to amend these reports to conform with the requirements of these rules.

e. If a hospital discovers any error in its statements or calculations in any of its submitted reports ascertained by the system to be complete, it shall inform the system of the error and submit an amendment to a report.

(1) In the case of an interim increase report or a rate revenue and expense report, the submittal of an amended report by a hospital to the system shall not affect the date of filing or the sixty-day period required, providing:

(a) The hospital informs the system of any errors prior to the system's public comments on the reasonableness of the hospital's aggregate rate; and

(b) The errors are not of such great magnitude as to affect the system's ability to make a fair comment.

(2) An amended rate revenue and expense report or interim increase report not meeting the conditions established by 7 MCAR § 1.487 C.1.e.(1), above, shall be refiled as if it were a new report.

f. If the system discovers an error in the statements or calculations in a report filed with it which the system

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determines will have a noticeable impact upon its ability to render a fair comment on the report, it may require the hospital to amend and resubmit the report by a date determined by the system to be reasonable. The initial filing date is not affected if the hospital resubmits the report by the determined date. If the hospital fails to resubmit the amended report by that date, the date of filing shall be the date the system receives the resubmission.

2. Review of rate revenue and expense reports and interim increase reports.

a. These reports shall be reviewed on a basis of the rate and cost history of each hospital on an institutional and a service center basis. Statistical and financial information available for a hospital as a whole institution may be compared with the same type of information for other peer hospitals which share common characteristics. In instances where service centers among hospitals sharing common characteristics themselves share common characteristics, hospitals may be compared on a service center basis. Common characteristics may include:

- (1) similarity in available number of beds and related occupancy rates;
- (2) similarity in composition of areas of patient origin;
- (3) similarity in composition of patient services;
- (4) the status of a hospital as a teaching or non-teaching institution;
- (5) similarity in size and composition of full-time-equivalent staff of the hospital and ratios of that staff to patient admissions; and
- (6) other data determined by the system to be appropriate which may be available pursuant to annual licensing report requirements as established pursuant to 7 MCAR § 1.078 (d)(1).

b. Comment. The system shall comment upon interim increase reports and rate revenue and expense reports to the hospital, the board and the public prior to the implementation of proposed budgets or aggregate rates. The comment shall state that a hospital's existing and proposed existing and proposed aggregate rates are reasonable or are in question.

(1) Bases which may be used to comment that a hospital's existing and prospective rates are reasonable, include:

(a) aggregate rates and components of aggregate rates are similar to the average of the aggregate rates and components of aggregate rates in effect in the prior year for other hospitals in a peer group;

(b) prospective aggregate rates and components of prospective aggregate rates represent a minimal increase which is consistent with the principles of the bases for judging the allowable increase limit established by 7 MCAR § ~~1.487 A.~~ 1.504;

(c) aggregate rates and components of aggregate rates have been demonstrated by the hospital to be necessary and consistent with the principles of the bases for judging established by 7 MCAR § 1.487 A.

(d) aggregate costs and components of aggregate costs are similar to the average of the aggregate costs and components of aggregate costs incurred by other hospitals in a peer group during the prior year;

(e) prospective aggregate costs and components of prospective aggregate costs represent a minimal increase which is consistent with the allowable increase limit established in 7 MCAR § 1.504 and components of the allowable increase limit that corresponds to natural expense categories presented in 7 MCAR § 1.474 A. 2. f.;

(f) aggregate costs and components of aggregate costs have been demonstrated by the hospital to be necessary and consistent with the principles for judging established by 7 MCAR § 1.487 A.;

(g) total prior and current year's actual aggregate rates and costs are similar to prior and current year's budgeted aggregate rates and costs;

(h) actual and budgeted costs and revenues for each service center are similar.

(2) Bases which may be used to comment that a hospital's existing and prospective rates are in question include:

(a) aggregate rates and components of aggregate rates deviate from the average of the aggregate rates and components of aggregate rates then in effect in the prior year for other hospitals in a peer group;

(b) Rates have not been demonstrated by the hospital to be necessary and consistent with the bases for judging established by 7 MCAR § 1.487 A. prospective aggregate rates and components of prospective aggregate rates do not represent a minimal increase which is consistent

PROPOSED RULES

with the allowable increase limit established in 7 MCAR § 1.504;

(c) rates provide revenue which is in excess of expenses which deviate from the past financial practices of that hospital, of hospitals sharing common characteristics, or which deviate from the principles of the bases for judging established by 7 MCAR § 1.487 A.;

(d) aggregate costs and components of aggregate costs are not similar to the average of the aggregate costs incurred for other hospitals in a peer group during the prior year;

(e) prospective aggregate costs and components of prospective aggregate costs do not represent a minimal increase which is consistent with the allowable increase limit established in 7 MCAR § 1.504 and components of the allowable increase limit that corresponds to natural expense categories presented in 7 MCAR § 1.474 A. 2. f.;

(f) aggregate costs and components of aggregate costs have not been demonstrated by the hospital to be necessary and consistent with the principles for judging established by 7 MCAR § 1.487 A.;

(g) total prior and current year's actual aggregate rates and costs are not similar to prior and current year's budget aggregate rates and costs;

(h) actual and budgeted costs and revenues for each service center are not similar.

D. Public meetings. All official meetings of the system, including executive sessions, which occur for any purpose related to completion of an investigation, release of results of an analysis, or issuance of comment upon review of reports pursuant to these rules shall be open to the public. Public notice shall be given one week in advance of any official meetings of the system where the results of investigations, analyses or reviews are to be discussed or acted upon.

E. Burden of proof. In all matters relating to the review of interim increase reports or Rate Revenue and Expense Reports or other analyses or investigations, the burden of proof of the reasonableness, equity and lack of discrimination of established or proposed rates under review shall rest with the hospital.

7 MCAR § 1.504

F. Consolidation. When two or more investigations, analyses or reviews involve common questions of fact, the system may address the common questions of fact and make comments applicable to all hospitals under consideration.

7 MCAR § 1.504 Commissioner of Health determination of allowable increase limit.

A. The Commissioner of Health maintains the authority to establish allowable increase limits. Increases in rates which have minimal impact upon the average charges per patient admission for the hospital are allowed to meet expenses incurred by a hospital due to inflation. Increases are determined to have minimal impact if they do not exceed, for any projected accounting period or portion thereof, a cumulative total of the appropriate quarterly allowable increase limits established by the commissioner.

B. During the quarter of the first fiscal year that these rules are effective, the Commissioner of Health shall establish a quarterly allowable increase limit:

1. for each of the full quarter(s) of its current fiscal year which remain unexpired at the time rules are promulgated; and

2. for each quarter of its next subsequent fiscal years necessary to result in a total of six quarterly allowable increase limits corresponding to the next six quarters of the current and next subsequent fiscal years occurring immediately after the implementation of these rules.

C. At the beginning of each quarter subsequent to the effective date of these rules, the Commissioner of Health shall establish a quarterly allowable increase limit for the sixth subsequent quarter.

D. The Commissioner of Health shall provide each hospital and each approved applicant with information concerning the quarterly allowable increase limits on each occasion that the commissioner does establish such a limit.

E. Form. The quarterly allowable increase limit is a single percentage figure which is applicable to the average ~~charges per inpatient admission~~ aggregate rate and average aggregate cost for the hospital.

F. Basis. This single percentage figure is based upon ~~the averaged monthly~~ quarterly Consumer and/or Wholesale Price Index Indices, and/or relevant components of the Con-

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sumer, Wholesale Price or other appropriate economic indices representing natural expense categories presented in 7 MCAR § 1.474 A. 2. f., as published by the Division of Labor Statistics, U.S. Department of Commerce, stated as percent changes, for relevant previous quarters preceding the establishment of a quarterly allowable increase limit.

G. Compensation. Should quarterly allowable increase limits prospectively established by the commissioner according to these rules allow increases in aggregate rates in excess or less than any actual increases in the Consumer and/or Wholesale Price Index Indices, or relevant components of these indices, the commissioner may compensate for this excess by:

1. measuring the difference between the prospective quarterly allowable increase limits and the actual changes in the Consumer Price Index for expired quarters; and,
2. adding or reducing by a reasonable proportion of that difference the next set of quarterly allowable increase limits to be established by the commissioner.

7 MCAR § 1.509 Fees. Hospitals whose rates are reviewed by the Commissioner of Health as distinct from a voluntary, nonprofit rate review organization, shall submit filing fees with rate revenue and expense reports and interim increase reports which are submitted to the commissioner. These fees are based on the cost of reviews and the number of beds licensed as acute care beds in a hospital, pursuant to Minn. Stat. §§ 144.50 to 144.58.

A. Rate revenue and expense report fee. On each occasion which a hospital submits a rate revenue and expense report to the Commissioner of Health as distinct from a voluntary, nonprofit rate review organization, it shall accompany this report with a filing fee based upon the following schedules which shall be annually adjusted to reflect the impact of inflation upon these fees, providing the report is timely:

If the Number of Licensed Acute Care Beds of the Hospital Is:	Then the Filing Fee Is:
6 to 24	\$ 385.00
25 to 49	\$ 495.00
50 to 99	\$ 710.00
100 to 149	\$ 930.00
150 to 199	\$1,150.00
200 to 249	\$1,370.00
250 to 299	\$1,590.00
300 to 349	\$1,810.00
350 to 399	\$2,025.00
400 to 449	\$2,250.00
450 to 499	\$2,470.00
500 or over	\$2,685.00

Hospital Gross Revenue

Filing Fee Is:

Under \$2,500,000

.0005 Times Gross Revenue
or \$200 (which ever is less)
to a Maximum of \$800

\$2,500,000-\$19,999,999

.0004 Times Gross Revenue
to a Maximum of \$5,500

\$20,000,000 +

.0003 Times Gross Revenue
to a Maximum of \$7,500

B. Interim increase report fee. On each occasion which a hospital submits an interim increase report to the Commissioner of Health as distinct from the voluntary, nonprofit rate review organization, it shall accompany this report with a filing fee. This fee shall be one-half of the rate revenue and expense report fee, as established by 7 MCAR § 1.509 A., providing the report is timely.

C. "Timely" means that each report has been submitted within the time prescribed by 7 MCAR § 1.481 C.1. or 7 MCAR § 1.481 D.1., as appropriate, that an extension of these reporting times, as permitted by 7 MCAR § 1.481 F., has not been necessary, and that the report has been determined to be complete, pursuant to 7 MCAR § 1.487 C.1. If a report does not meet these standards, the commissioner may require the submission of an additional late fee according to the following late fee schedule:

1. A report submitted after the reporting times established by 7 MCAR § 1.481 C.1. or 7 MCAR § 1.481 D.1., as appropriate, for which an extension in time has been permitted, pursuant to 7 MCAR § 1.481 F., shall be liable for a late fee in addition to the filing fee established by 7 MCAR § 1.509 A. or 7 MCAR § 1.509 B., above, as appropriate. This late fee shall be ten percent of the filing fee established by 7 MCAR § 1.509 A. or 7 MCAR § 1.509 B., above and as appropriate for that hospital.

2. A report submitted by a hospital which is determined not to be complete, pursuant to 7 MCAR § 1.487 C.1., shall be liable for a late fee for each occasion on which a resubmission as provided by 7 MCAR § 1.487 C.1. occurs. This late fee shall be, for each such occasion of resubmission, five percent of the filing fee paid on submission of the initial report to the Commissioner of Health by the hospital as established by 7 MCAR § 1.509 A. or 7 MCAR § 1.509 B., above.

3. Reports not submitted or submitted after the reporting times established by 7 MCAR § 1.481 C.1. or 7 MCAR § 1.481 D.1., as appropriate, for which an extension has not been requested or permitted, pursuant to 7 MCAR § 1.481 F., shall be liable for the cost of a full audit by an independent public accountant, as necessary for the completion of the report in addition to the filing fee established by

PROPOSED RULES

7 MCAR § 1.509 A. or 7 MCAR § 1.509 B., above, as appropriate.

D. The Commissioner of Health may suspend all or any portion of the filing fees and late fees herein established upon cause being shown by a hospital. Such cause may consider such factors as:

1. The inability of a hospital to pay the fees without directly affecting the rates.
2. The occurrence of any emergency financial condition of a hospital, including natural disasters or difficulties associated with completion of reports related to sicknesses or other absences of related hospital employees or other administrative complications resulting in delay in the completion of reports.
3. Other factors which relate to the economic condition or administrative condition of a hospital.

Department of Transportation

Proposed Temporary Rules Relating to Implementation of the Rail User Loan Guarantee Program

Request for Public Comment

Laws of 1978, ch. 667, § 7 permits the Commissioner of Transportation to establish temporary rules relating to the rail user loan guarantee program to aid rail users in obtaining credit for participation in contracts for rail line rehabilitation.

Section 7 of the act provides that the temporary rulemaking authority of the commissioner shall be effective until permanent rules are adopted pursuant to Minn. Stat. ch. 15 or until October 15, 1979, whichever occurs first.

Section 7 of the act also requires the commissioner to solicit information or opinions from sources outside of the Department of Transportation prior to the adoption of any temporary rules.

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14 MCAR § 1.4003

Notice was given that the department requested information and comments concerning the subject matter of the proposed rules on July 31, 1978 (3 S.R. 143).

Laws of 1978, ch. 667 now requires that all interested persons or groups be allowed to submit for consideration their comments relating to the proposed rules set forth below. Comments (either written or oral) should be addressed to:

Sherri Y. Alston
Assistant Commissioner for Public Transportation
Minnesota Department of Transportation
413 Transportation Building
Saint Paul, Minnesota 55155
Telephone: (612) 296-8048.

Matters submitted for consideration should be pertinent to the proposed rules. Any comments received by the Department of Transportation will become a part of the record of proceedings leading to the adoption of permanent rules. All comments must be received within twenty days of the date of this publication. The temporary rule may be revised on the basis of comments received.

Please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the Ethical Practices Board within five days after he or she commences lobbying. Lobbying includes attempting to influence rulemaking by communicating or urging others to communicate with public officials. A lobbyist is generally any individual who spends more than \$250 per year for lobbying or any individual who is engaged for pay or authorized to spend money by another individual or association and who spends more than \$250 per year or 5 hours per month at lobbying. The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 41 State Office Building, Saint Paul, Minnesota 55155. Telephone: (612) 296-5615.

Jim Harrington
Commissioner
Department of Transportation

August 7, 1978

Temporary Rules as Proposed

14 MCAR § 1.4003 Authority and Definitions.

A. Authority. These rules are adopted pursuant to the provision of Laws of 1978, ch. 667, § 7.

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B. Definitions. The following terms as they appear in these rules and regulations shall have these meanings:

1. "Account" means the Rail User Loan Guarantee Account established by Laws of 1978, ch. 667, § 3.

2. "Act" means the Rail User Loan Guarantee Act, Laws of 1978, ch. 667.

3. "Borrower" means any "rail user" as that term is defined in Minn. Stat. § 222.48, Subd. 6 (1976).

4. "Capital investment" means the cost of labor, materials and other incidental cost of rehabilitation of a rail line, including acquisition of right of way and structures.

5. "Collateral" means the security pledged for the loan which may include but not limited to land, buildings, machinery, equipment, furniture, fixtures, accounts receivable, marketable securities, cash surrender value life insurance and assignment of leases or leasehold interests.

6. "Commissioner" means the Commissioner of the Department of Transportation, State of Minnesota.

7. "Department" means Minnesota Department of Transportation.

8. "Lender" means any state or federally chartered bank, or in the case of revenue bonds issued under Minn. Stat. chs. 362A or 474, (1976), a municipality, county, or rural development financing authority.

9. "Loan" means a loan or advance of credit to a rail user for the purpose of making a capital investment in rail line rehabilitation.

10. "Personal guarantee" means a personal or corporate obligation to pay the loan.

11. "Railroad" means a common carrier by rail as defined by 49 U.S.C. § 1(3), (1970).

12. "Rail line" means a railroad roadbed, right-of-way, track structure and other appurtenances of railroad right-of-way, including but not limited to, public-use sidings.

13. "Rail user" means any person or entity described by Minn. Stat. § 222.48, subd. 6 (1976).

14. "Rehabilitation" means the reconstruction or improvement of a rail line or portions thereof in order to improve rail service; or construction of a new rail line to replace an existing one.

14 MCAR § 1.4004 Application procedure.

A. Loans by state or federally chartered banks.

1. All information required to be submitted to the commissioner for consideration for commitment to insure any eligible loan shall be submitted in duplicate, and include:

a. a written statement under oath executed by the borrower that the proceeds of the loan will be used solely for participation in contracts for capital investment for rail line rehabilitation;

b. a copy of the contract for rail line rehabilitation which must contain:

(1) the identification of the participating parties;

(2) the total amount of the contract for rehabilitation;

(3) the respective share of the amount of the contract for rehabilitation to be provided by each participating party;

(4) the conditions for repayment of the total amount of the contract to the participating parties;

(5) the nature of the capital improvements to be made;

(6) identity of the escrow agent, if any;

c. the Loan application taken by the lender, together with all supporting documents and data, pertinent to the lenders credit consideration, including the following:

(1) principal amount of the loan and repayment terms;

(2) the collateral offered;

(3) investigative credit data developed;

(4) borrower's statement of financial condition, including schedule of assets, liabilities, capital or net worth and income and expenses and for the immediately preceding three fiscal years;

(5) application of person or persons, if any, making personal guarantee of such a loan together with their statement of financial condition as required in (4) above;

d. the form of the promissory note to be executed, complete except for signatures, and any personal guarantee

PROPOSED RULES

forms to be executed by a person or persons providing guarantee of repayment of the loan;

e. the form of the security agreements or mortgages to be executed in connection with the loan, complete except for signatures; including the complete legal description of the property, personal or real, to be pledged, supplemented in addition by:

(1) a statement of the collateral's condition, marketability and appraised value, including the source of the appraisal;

(2) a statement of priority of such lien or security interest position based on official records search;

(3) evidence of insurance coverage against customary perils and the availability of suitable loss payable assignments;

f. a lender's sworn statement to the commissioner which includes:

(1) the citation of Minnesota Statutes under which the interest rate and other expenses in connection with the loan are deemed lawful;

(2) certification of lender's appraisal and consent to make the loan in the amount applied for which may be conditioned upon the granting of the commitment for insurance by the commissioner;

g. an executed agreement between the lender and borrower that upon granting of the commitment for insurance by the commissioner that:

(1) funds will be disbursed only under the terms and for the purposes set forth in the application for insurance;

(2) liens and security interests provided for in the application and documents offered in the application for insurance will be filed, recorded or, otherwise, perfected by the lender;

(3) reasonable care shall be exercised by the lender or its agents to protect the interest of the state;

(4) a copy of the Notice of Default required by the act to be sent to the borrower within 90 days of default of the loan shall also be sent to any person or persons guaranteeing the loan;

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(5) if default is continued for 180 days and borrower has not made arrangements to meet his obligation, the lender shall promptly notify the commissioner of the circumstances of default and file a claim for benefits under the act.

B. Loans by municipalities, county or rural development financing authorities.

1. All information required to be submitted to the commissioner for consideration for commitment to insure any eligible loan shall be submitted in duplicate and include:

a. The information required by A.1.a. through A.1.g.(3) of this rule.

b. A copy of the application for the revenue bond project together with any attachments required to be submitted to the Minnesota Department of Commerce, Securities Division.

c. Evidence of the approval of the application for the revenue bond project by the Commissioner of Securities.

d. A statement that upon granting of the commitment for insurance by the Commissioner that a copy of the Notice of Default required by the Act to be sent to the borrower by the trustee within 15 days of the default of the terms of the revenue agreement will also be sent to any person or persons guaranteeing the agreement.

e. A statement that after 90 days, if default continues, the trustee shall file a claim with the commissioner stating the nature of the default.

14 MCAR § 1.4005 Requirements for obtaining approval of commitments for insuring loans prior to their execution or disbursement.

A. Eligibility requirements for loans by state or federally chartered banks; terms.

1. Principal amount. The original bona fide principal amount of any loan shall not exceed:

a. an amount which can be shown to be fully secured by the unencumbered current appraised value of the collateral to be pledged by or on behalf of the borrower; or

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PROPOSED RULES

14 MCAR § 1.4005

b. an amount which can be reasonably documented and shown to be secured by the value found in the personal guarantee up to a maximum proportion of 40 percent of the original bona fide principal with the remaining proportion to be fully secured in the manner prescribed in a. above;

c. in no event shall the amount exceed the current balance contained in the account multiplied by 10.

2. Interest rate. The interest rate agreed upon between the borrower and the lender shall be expressed clearly in the loan agreement in annual percentage rate terms and include the manner in which lapsed periods of time are to be calculated for purposes of application of that rate, if interest is to be calculated or collected in intervals of less than one calendar year.

3. Repayment terms. The loan agreement shall provide for repayment terms which:

a. include a schedule of installment payments of principal and interest which will extinguish the original bona fide principal of the loan over a term not exceeding 15 years from the date of execution of the loan;

b. include a schedule of periodic installment payments of principal and interest coming due at least each 3 months or such lesser intervals as are reasonably consistent with the revenue income flow determined to support the ability on the part of the borrower to repay the obligation;

c. provide that the first such installment of principal and interest may be scheduled so as to coincide with the first anticipated revenue;

d. include language which provides that no refinancing, extension or deferment of the originally contracted obligation as approved for insurance or its security, or otherwise, as would operate to modify the original contract terms may be made between the borrower and the lender unless such considerations are in writing and expressly approved by the commissioner;

e. include language which effectively renders the obligation as documented to be nontransferable as to all or any part of its interests without prior written approval of the commissioner.

4. No loan agreement may be the subject of any extension of time or deferment of originally scheduled installment payments which would result in the final contracted payment of principal or interest or combination thereof to fall due at a date more than 15 years from the date of origin without prior written approval of the commissioner.

B. Eligibility requirements for loans by municipalities, county or rural development financing authorities; terms.

1. Principal amount. The original bona fide principal amount as to the amount insured of any revenue agreement, exclusive of interest and expense shall not exceed:

a. an amount which can be shown to be fully secured by the unencumbered current appraised value of the collateral to be pledged by or on behalf of the borrower, or

b. an amount which can be reasonably documented and shown to be secured by the value found in the personal guarantee up to a maximum proportion of 40 percent of the original bona fide principal with the remaining proportion to be fully secured in the manner prescribed in a. above;

c. in no event shall the amount exceed the current balance contained in the account when multiplied by ten.

2. Repayment of revenue agreement. The repayment of the revenue agreement shall be such that it will produce income and revenue sufficient to provide for the repayment of principal and interest on all bonds issued thereunder when due.

3. Repayment of revenue agreement: terms. The revenue agreement shall provide for:

a. repayment terms, including a schedule of installment payments of principal and interest, which will extinguish the original bona fide principal of the bonds over a period not to exceed 15 years from the date of origin;

b. language which provides that no revision of the revenue agreement may be made between the borrower and the lender unless such revisions are approved by the commissioner;

c. language which would effectively render the revenue agreement nontransferable as to all or any part of its interest without the expressed approval of the commissioner.

STATE CONTRACTS

Pursuant to the provisions of Laws of 1978, ch. 480, an agency must make reasonable effort to publicize the availability of any consultant services contract or professional and technical services contract which has an estimated cost of over \$2,000.

Department of Administration procedures require that notice of any consultant services contract or professional and technical services contract which has an estimated cost of over \$10,000 be printed in the *State Register*. These procedures also require that the following information be included in the notice: name of contact person, agency name and address, description of project and tasks, cost estimate, and final submission date of completed contract proposal.



Colonel Josiah Snelling, nicknamed "The Red Hen" by his soldiers, oversaw the building of Fort Snelling while serving as its commandant from 1820 to 1827. A Boston-born veteran of the War of 1812, Snelling created a fortress impregnable to Indian attack, and the fur trade flourished during his command. (Drawing by Rick James)

Department of Administration Information Systems Division

Notice of Availability of Contract for Programming Services

The Information Systems Division of the Department of Administration of the State of Minnesota, hereinafter referred to as the State, has determined that the services of a consultant programmer are needed for the timely completion of three projects for the Department of Revenue (Numbers PO2312 — On-Line Review Sheets, PO2356 — On-Line Sales Tax History, and PO2357 — On-Line Withholding Tax Histories).

These projects are each modifications of existing systems which will facilitate tax auditors' and examiners' access to the file information by creating and loading new on-line TOTAL files, and the necessary software to build display screens from these files.

The duties of the accepted programmer will require that he/she:

1. Be available for work at the State, 5th floor Centennial Bldg., for the period of the contract.
2. Be available for work on Wednesday, Sept. 13, 1978.
3. Be experienced (3 years minimum) in the IBM BAL language, with project experience in on-line systems (more than one).

In addition, it will be advantageous if the candidate(s) have experience in:

1. IBM 370/158 MVS environment
2. TOTAL database management system
3. The State's TPEXEC teleprocessing monitor
4. The PRIDE Project control system

The project will begin on Sept. 13, 1978, and end in mid-January, 1979, as now planned. Total programmer time will not exceed 800 hours in the contract resulting from this notice.

The estimated amount of this contract is \$18,400.

STATE CONTRACTS

Responses must be received by Sept. 11, 1978, 4:30 p.m., CDT.

Respondents should include:

1. Resume of each individual offered for this project.
2. The hourly rate for each such individual.
3. Assurance that, barring ill health or termination of the employee or a subsequent rejection for cause by the State, the assigned employee will not be assigned to another project until released by the State on completion of the terms of the contract.
4. State and federal tax numbers of the respondent.

Submit responses to:

Ronald Larson, Manager
Information Systems Division
5th floor Centennial Building
St. Paul, Minnesota 55155
Telephone: 296-6343

Questions on specific details of the project(s) may be addressed to:

Karl Moe, Sr. Systems Analyst
Same as above
Telephone: 296-6389

Department of Economic Development Tourism Division

Notice of Request for Proposals for Study of the Minnesota Tourist Industry

The Minnesota Department of Economic Development, 480 Cedar Street, St. Paul, Minnesota 55101, Deputy Commissioner Steve Kane, is requesting proposals for a study in Minnesota tourism on a statewide basis.

The department is interested in a research study that includes the collection and analysis of national tourism data and statewide tourism data. An additional element of the research project is the collection of primary field data. The product of the study should be a composite of Minnesota tourism characteristics including tourist demographics, point of origin, expenditures, point of destination and activ-

ity preferences. The results of this study are to be used by the department as the basis for the formulation of a statewide tourism marketing plan.

The department estimates the cost of such a study to be \$40,000.

Proposals must be submitted by September 4, 1978. Further information is available from Deputy Commissioner Kane by writing, or calling (612) 296-3924.

Department of Economic Security Employment and Training Division, Balance of State Office, Work Equity Project (WEP)

Notice of Request for Proposals (RFPs) for Participant Advocate in Regard to Work Equity Programs (WEP)

1. Agency name and address: Minnesota Department of Economic Security, Employment and Training Division, Balance of State Office, 690 American Center Building, 160 East Kellogg Boulevard, St. Paul, Minnesota 55101.

2. Contact person: Persons or organizations wishing to receive this request for proposal package, or who would like additional information, may write the contracting officer, Stanton Steege, at the address above, or call (612) 296-3571.

3. Description: A notice for RFP has been issued on August 21, 1978, for the purpose of contracting, with a third party agency or organization, to provide participant advocate services to any potential participant or participant of the Work Equity Project who requests this service. To provide a system of advocacy to serve at each WEP location to assure that the legal rights of recipients are protected throughout the WEP process.

4. Cost: Up to three awards will be granted, each award not to exceed a total of \$15,000.

5. Final proposal submission date: Proposals must be received by 4:30 p.m. September 15, 1978.

**Energy Agency
Data and Analysis Division**

**Notice of Request for Proposals for
Assistance with Analysis and
Design of Public Building
Surveys and Water Demand
Forecasting Models**

Introduction

For the past two years, the agency has worked to develop a methodology for the conducting of surveys of public buildings mandated by statute in Minn. Stat. § 116H.12. The initial work was done by the agency with support from the Management Information Systems Research Center at the University of Minnesota.

This request for proposals is aimed at evaluating and improving the surveys. Most of the effort will be in the areas of data entry and validation, statistical analysis, and programming of micro computers.

This work also ties directly to the agency's energy and water demand forecasts, so the workscope includes effort to improve the agency's econometric models by incorporating building survey data. The modeling item on the workscope is also linked to effort on the state's Framework Water Resources Plan, which requires the agency to regionalize its statewide models. For efficiency's sake, these two elements of econometric forecasting have been joined in this RFP.

Scope of Work to be Performed

1. Statistical analysis of building survey forms to estimate conservation potential.
2. Data validation and data entry of the building survey data received from public building owners.
3. Design and programming of efficient data entry systems for the TERAK micro computer.
4. Programming, testing, and documentation of econometric forecasting models.
5. Secretarial support for tasks 1-4.

Mr. Ronald D. Visness, Minnesota Energy Agency Assistant Director, Data and Analysis, is responsible for answering all questions regarding this RFP. He will also open the bids and select the contractor.

In order to be considered, bids must be received by the Energy Agency before the close of business, September 11, 1978. Bids should be sent to:

Ronald D. Visness
Minnesota Energy Agency
980 American Center Bldg.
150 E. Kellogg Blvd.
St. Paul, MN 55101

**Department of Health
Emergency Medical Services
Section**

**Notice of Request for Proposals:
Evaluation Data Consultant**

The Department of Health is soliciting proposals to select a consultant who is qualified to assist in redesigning and planning its information system for emergency medical services. The consultant selected will provide between 400 and 600 hours of assistance and will:

- (1) Develop and provide a concise statement of the possible objectives of an information system for emergency medical services in the Department of Health.
- (2) Develop and provide a detailed analysis of the current information that might meet the objectives described in Task One and that is available in and through the Health Department.
- (3) Develop and provide detailed and specific recommendations for improving the emergency medical services information system of the department, with reference to the costs and other special requirements needed to make recommended improvements.
- (4) Provide at least 50 hours of general technical assistance as requested by the department.

Prospective responders who have any questions regarding this Request for Proposals may call or write:

J.M. Parker
Assistant Section Chief
Emergency Medical Services
Health Systems Division
Minnesota Department of Health
717 Delaware Avenue S.E.
Minneapolis, Minnesota 55440
(612) 296-5281

STATE CONTRACTS

Please note: Other department personnel are not allowed to discuss the project with responders before the deadline for submittal of proposals.

The department has estimated that the cost of this project should not exceed \$7,500 for professional services and expenses.

All proposals must be sent to and received by Mr. Parker at the above address not later than 4:00 p.m., September 8, 1978.

Notice of Request for Proposals: Public Information and Education Consultant

The Minnesota Department of Health is issuing a Request for Proposals to select an appropriate contractor to:

(1) Develop, produce, and advise the department on distributing an appropriate number of prints of a film or video-tape public service advertisement for Minnesota television stations.

(2) Develop and produce a sound-slide presentation of the concept and plans for developing critical care systems for various categories of emergency patients.

(3) Provide layout designs and camera-ready art for various department publications about emergency medical services.

(4) Design appropriate official representations of the Emergency Medical Technician credential in the form of a patch, badge, pin, or other insignia, plus appropriate certificates and cards.

(5) Provide assistance in organizing Minnesota EMS Week.

(6) Assist in producing a summary brochure outlining the Minnesota plan for Emergency Medical Services.

(7) Provide continuing technical assistance as needed.

Prospective responders who have any questions regarding this Request for Proposals may call or write:

J.M. Parker
Assistant Section Chief
Emergency Medical Services Section
Minnesota Department of Health
717 Delaware Street S.E.
Minneapolis, Minnesota 55440

Please note: Other department personnel are not allowed to discuss the project before the submittal of proposal deadline.

The department has estimated that the cost of this project should not exceed \$10,000 for all professional services and expenses.

All proposals must be sent to and received by Mr. Parker at above address not later than 4:00 p.m., September 11, 1978.

Notice of Request for Proposals: Poison Treatment Education Consultant

The Minnesota Department of Health is soliciting proposals to select a consultant to provide the following services:

(1) Develop a curriculum and a plan for providing clinical education sessions to each of the seven regions of the state identified by the department.

(2) Provide one session in each of the seven regions of the state not currently served by a regional Poison Control Center.

(3) Prepare and deliver a written report on the program described above indicating its effectiveness.

Prospective responders who wish to receive a copy or who have any questions regarding this Request for Proposals may call or write:

J.M. Parker
Assistant Section Chief
Emergency Medical Services
Minnesota Department of Health
717 Delaware S.E.
Minneapolis, Minnesota 55440
(612) 296-5281

Please note: Other department personnel are not allowed to discuss the project with responders before the submittal of proposal deadline.

The department has estimated that the cost of this project should not exceed \$3,000 for all professional services and expenses.

All proposals must be sent to and received by Mr. Parker at the above address not later than 4:00 p.m., September 15, 1978.

STATE CONTRACTS

Notice of Request for Proposals: Grants Management Consultant

The Minnesota Department of Health is soliciting proposals to select an outside consultant with an in-depth knowledge of and experience with the current and past federal administration of the EMSS Act. The consultant will:

(1) assist the department and specified EMS regions in the preparation of grant applications for fiscal year 1979-80, including the gathering of data and other information to be included in the applications to assure compliance with federal requirements;

(2) assist the department in evaluating the content quality of regional applications so that grants can be prioritized by the state as required by DHEW/EMS;

(3) conduct regional site assessments in EMS regions in accordance with established Department of Health site assessment procedures;

(4) provide technical assistance to assigned EMS regions including:

— needs assessment and prioritization of need in developing mandatory program components and critical care components;

— compliance with special terms and conditions of grant;

— development of recordkeeping and evaluation methodologies;

— conducting technical training workshops for regional staff regarding DHEW/EMS policy.

Prospective responders who have any questions regarding this Request for Proposals may call or write:

J.M. Parker
Assistant Section Chief
Emergency Medical Services Section
Minnesota Department of Health
717 Delaware Street S.E.
Minneapolis, Minnesota 55440
(612) 296-5281

Please note: Other department personnel are not allowed to discuss the project with responders before the submittal of proposal deadline.

The department has estimated that the cost of this project should not exceed \$20,000 for all professional services and expenses.

All proposals must be sent to and received by Mr. Parker at above address not later than 4:00 p.m., September 11, 1978.

State University System

Notice of Availability of Temporary/ Intermittent Instructional Positions

Description: Notice is hereby given that the State University System will, from time to time, employ instructors on a temporary short-term basis. Instructors may be needed in all areas of higher education. Interested persons should contact the respective universities (listed below) by sending their credentials indicating particular areas of interest or expertise to the Vice President for Academic Affairs.

Contact: Bemidji State University
Dr. Richard Beitzel
14th and Birchmont Drive
Bemidji, Minnesota 56601

Mankato State University
Dr. Margaret Preska
5th and Jackson
Mankato, Minnesota 56001

Metropolitan State University
Dr. George Ayers
Room 121 Metro Square Building
St. Paul, Minnesota 55101

Moorhead State University
Dr. William Jones
1104-7th Avenue South
Moorhead, Minnesota 56560

St. Cloud State University
Dr. David Johnson
1st Avenue South and 7th Street
St. Cloud, Minnesota 56301

Southwest State University
Dr. Judith Sturnick
Marshall, Minnesota 56258

Winona State University
Dr. Sheila Kaplan
8th and Johnson
Winona, Minnesota 55987

Estimated cost: Salary rate is negotiable.

Submission deadline: Resumes may be submitted at any time. Openings may occur at any time during the year.

**Department of
Transportation
Administration Division**

**Notice of Need for Consultant
Services**

The Mn/DOT requires the services of a qualified consultant to prepare construction plans for the bridge described below.

Bridge No. 62080, T.H. 5 (Kellogg Blvd.) over
T.H. 94, R.R. tracks, and streets in St. Paul

Estimated fee range: \$75,000-\$90,000

The work is anticipated to start in a few months with approximately five (5) months allowed for design and plan preparation.

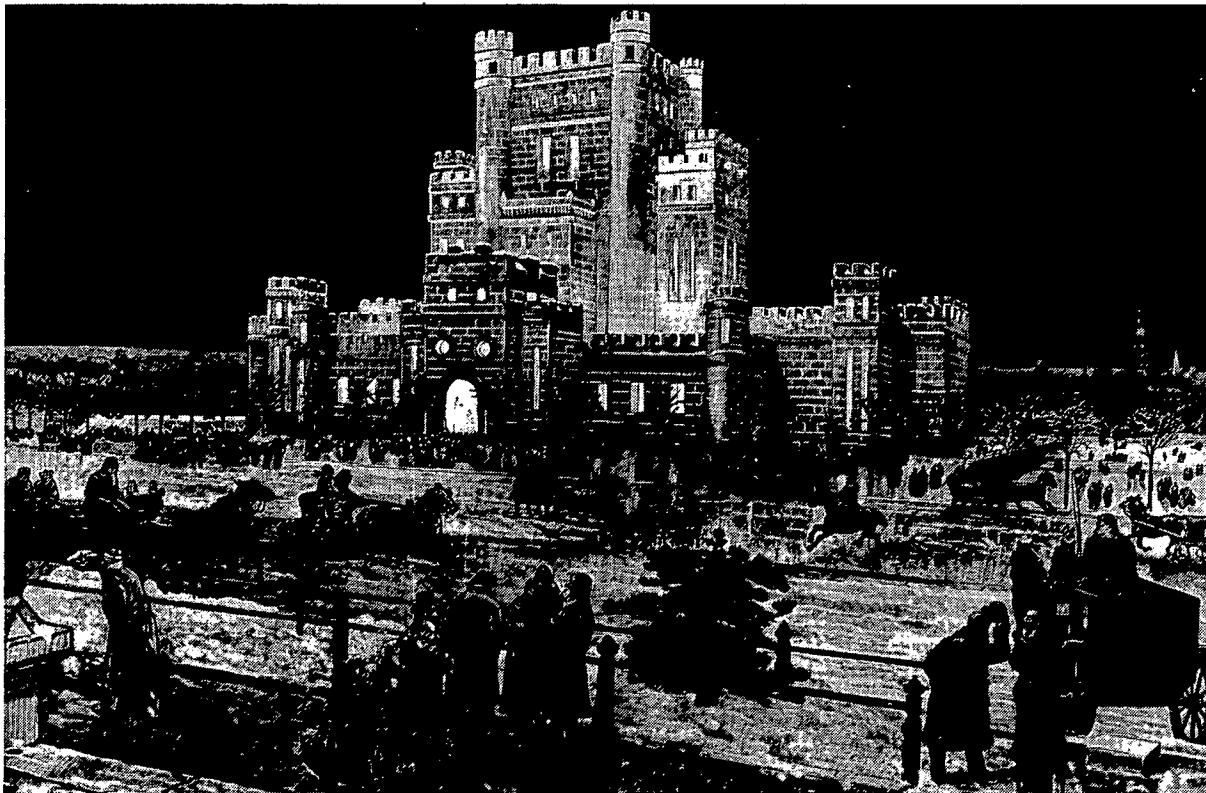
Minnesota firms will be given first consideration. Firms desiring consideration should express their interest to Mn/DOT before 4:30 p.m. September 11, 1978. Identify personnel to conduct the project and include resume of their training and work experience.

The Bridge Contractor Selection Committee will solicit a proposal from the list of responders.

Send your response to:

K. V. Benthin
Bridge Engineer
Room 610 D
Transportation Building
St. Paul, Minnesota 55155

OFFICIAL NOTICES



When an Eastern writer compared Minnesota to Siberia and reported that St. Paul was "unfit for human habitation," the city's response was this gigantic ice palace and the first Winter Carnival in 1886. King Borealls Rex I (portrayed by brewer William Hamm, Sr.), a Fire King Coal and a queen reigned over the carnival. (Minnesota Historical Society drawing)

Pursuant to the provisions of Minn. Stat. § 15.0412, subd. 6, an agency, in preparing proposed rules, may seek information or opinion from sources outside the agency. Notices of intent to solicit outside opinion must be published in the *State Register* and all interested persons afforded the opportunity to submit data or views on the subject, either orally or in writing.

The *State Register* also publishes other official notices of state agencies, notices of meetings, and matters of public interest.

Minnesota State Retirement System

Regular Meeting, Board of Directors

Regular quarterly meeting of the Board of Directors, Minnesota State Retirement System, will be held on Friday, September 8, 1978, at 9:00 a.m. in the office of the System, 529 Jackson Street, St. Paul, Minnesota.

(CITE 3 S.R. 277)

Department of Commerce Banking Division

Bulletin No. 1952: Maximum Lawful Rate of Interest for Mortgages for the Month of September 1978

Notice is hereby given that the Banking Division, Department of Commerce, State of Minnesota, pursuant to Section 47.20, Subd. 4, Minnesota Statutes, the Conventional Home Loan Assistance and Protection Act, hereby determines that the maximum lawful rate of interest for home mortgages for the month of September, 1978, is ten (10.00) percent.

Robert A. Mampel
Commissioner of Banks

August 15, 1978

**Department of Public
Welfare
Medical Assistance Division**

**Notice of Extension of Public
Comment Period on Proposed
Temporary Rule Governing
Reimbursement of
Transportation Costs Under the
Medical Assistance Program**

Notice is hereby given that due to the unexpected volume of public comment, the period for public comment on the proposed amendment to 12 MCAR § 2.047 (Rule DPW 47) is extended to Monday, September 5, 1978. The amendment was published at 3 S.R. 98 (*State Register*, Monday, July 24, 1978).

Comments from interested and affected persons are requested. Comments must be received at the address given below by Tuesday, September 5, 1978, to be considered. The proposed temporary rule may be revised on the basis of comments received.

Comments on the proposed rule should be sent to:

Robert G. Randle, Director
Medical Assistance Program
Department of Public Welfare
P.O. Box 43170
690 North Robert Street
St. Paul, Minnesota 55164

**Department of Public
Welfare
Medical Assistance Division**

**Notice of Intent to Solicit Outside
Information and Opinion
Regarding Medical Assistance
Reimbursement for
Transportation Services**

Notice is hereby given that the Department of Public Welfare, Medical Assistance Division, shall solicit outside

information and opinions in preparation for the amendment of permanent rules governing the Medical Assistance Program (12 MCAR § 2.047) for implementation of ch. 560, Minn. Laws (1978) governing Medical Assistance reimbursement for transportation services.

The Department invites interested persons or groups to submit written data, information or comments on the subject. Responses should be directed to:

Robert G. Randle, Director
Medical Assistance Program
Department of Public Welfare
690 North Robert Street
P.O. Box 43170
St. Paul, Minnesota 55164

All statements of information and comment must be received by Friday, October 13, 1978. Any written material received by the Department shall become part of the public hearing record.

**Office of the Secretary of
State
Administration Division**

**Open Appointment Process:
Notice of Openings on State
Agencies — Application
Procedures**

Pursuant to Laws of 1978, ch. 592, the legislature has implemented an Open Appointment process by which the public is informed of openings on state multi-member agencies (boards, commissions, councils) created by statute and having statewide jurisdiction.

Application forms may be obtained at the Office of the Secretary of State, 180 State Office Building, St. Paul, MN 55155, (612) 296-3266. Contact the Secretary of State for the Open Appointment Process information brochure and specific agency related information.

Apprenticeship Advisory Council: Two vacancies; one representing employers and one employee organization; open October 1; application deadline September 1.

Community School Advisory Council: One vacancy; open immediately; application deadline September 1.

CQE Early Childhood and Family Education Advisory

OFFICIAL NOTICES

Task Force: One vacancy; open immediately; application due September 1.

Advisory Council to the Department of Economic Security: Two vacancies, one representing labor, one employer; open immediately; application deadline September 1.

Minnesota State Retirement System: One vacancy; open immediately; application deadline September 1.

Minnesota Water Resources Board: Two vacancies; open immediately; application deadline September 1.

State Health Advisory Council: One vacancy; open immediately; application deadline September 1.

ERRATA

Due to errors in the Errata section of Vol. 3, Number 6 (3 S.R. 218), items #2, #3 and #4 are reprinted here in their correct form:

2. At 3 S.R. 83: Change the citation in Ins 182 C. to read, "Minn. Stat. § 65B.43, subd. 9 (1974)."

3. At 3 S.R. 83: Ins 182 E. should read, "Where a claim ~~or companion claim~~ under these rules is also under the compulsory jurisdiction ~~or of~~ other industry agreements sponsored by the Committee on Insurance Arbitration, the jurisdiction of these rules is primary."

4. At 3 S.R. 83: In the first sentence of Ins 182 L., the clause, "Where reparation obligors are also signatory to other industry arbitration programs sponsored by the Committee on Insurance Arbitration and the claim ~~or companion claims are~~ is within the compulsory jurisdiction of these other agreements" should be followed by a comma.

STATE OF MINNESOTA
OFFICE OF THE STATE REGISTER

Suite 415, Hamm Building
408 St. Peter Street
St. Paul, Minnesota 55102
(612) 296-8239

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