The House of Representatives convened at 9:00 a.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by the Reverend T. Michael Rock, Robbinsdale United Church of Christ, Robbinsdale, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler       Dettmer       Haws       Lenczewski       Norton       Simpson
Anderson, B.  Dill          Heidgerken  Lesch          Olin          Slawik
Anderson, S.  Dittrich      Hilstrom    Liebling       Olson          Stlocum
Anzelc       Dominguez     Hilty       Lieder          Ortemba       Smith
Atkins       Doty          Holberg     Lillie         Paulsen       Solberg
Beard        Eastlund      Hoppe       Loeffler       Paymar         Sviggum
Benson       Eken          Hornstein   Madore         Pelowski       Swails
Berns        Emmer         Hortman     Magnus         Peppin         Thao
Bigham        Erhardt       Hosch       Mahoney       Peterson, A.  Thissen
Bly          Erickson      Howes       Mariani        Peterson, N.  Tillberry
Brod         Faust         Huntley     Marquart       Peterson, S.  Tingelstad
Brown        Finstad       Jaros       Masin          Poppe          Tschumper
Brynaert    Fritz          Johnson     McFarlane      Rukavina      Urdaahl
Buesgens    Gardner       Juhnke      McNamara       Ruth          Wagensius
Bunn         Garofalo      Kahn        Moe            Ruud           Walker
Carlson      Gottwalt     Kalin       Morgan         Sauer          Ward
Clark        Greiling     Knuth       Morrow         Scalze          Welti
Cornish      Gunther      Koenen      Mullery        Seifert        Westrom
Davnie       Hackbarth     Kohls       Murphy, E.    Sertich        Winkler
Dean         Hamilton     Kranz       Murphy, M.    Severson       Wollschlager
DeLaForest   Hansen       Laine       Nelson        Shimanski      Zellers
Demmer       Hausman      Lanning     Nornes         Simon          Spk. Kelliher

A quorum was present.

Ozment and Wardlow were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Koenen moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.
Sertich moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Peterson, A., introduced:

H. F. No. 2444, A bill for an act relating to capital improvements; authorizing the issuance of state bonds; appropriating money to pave Pacific Avenue in the city of Benson.

The bill was read for the first time and referred to the Committee on Finance.

Davnie introduced:

H. F. No. 2445, A bill for an act relating to tax increment financing; expanding the permitted use of increments for districts in bioscience zones; amending Minnesota Statutes 2006, section 469.1763, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Howes introduced:

H. F. No. 2446, A bill for an act relating to sales and use tax; exempting construction materials for a wastewater treatment facility in the city of Emily; amending Minnesota Statutes 2006, section 297A.71, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:
H. F. No. 829, A bill for an act relating to state government; appropriating money for public safety and corrections initiatives, courts, public defenders, tax court, Uniform Laws Commission and Board on Judicial Standards; providing certain general criminal and sentencing provisions; regulating DWI and driving provisions; modifying or establishing various provisions relating to public safety; providing for residency documentation; regulating corrections, the courts, and emergency communications; regulating scrap metal dealers; modifying certain law enforcement, insurance, human services, and public defense provisions; providing immunity from certain civil liability; establishing reduced ignition propensity standards for cigarettes; providing conditional repeals of certain laws; providing penalties; amending Minnesota Statutes 2006, sections 2.722, subdivision 1; 3.732, subdivision 1; 3.736, subdivision 1; 13.87, subdivision 1; 15A.083, subdivision 4; 16A.72; 16B.181, subdivision 2; 16C.23, subdivision 2; 168.012, subdivision 1; 169.13, by adding a subdivision; 169.471, subdivision 2; 169A.275, by adding a subdivision; 169A.51, subdivision 7; 171.09, subdivision 1; 171.12, by adding a subdivision; 171.55; 241.016, subdivision 1; 241.018; 241.27, subdivisions 1, 2, 3, 4; 241.278; 241.69, subdivisions 3, 4; 243.167, subdivision 1; 243.55, subdivision 1; 244.05, by adding a subdivision; 245.041; 253B.09, subdivision 3a; 260B.007, by adding a subdivision; 260B.125, subdivision 1; 260B.130, subdivision 1; 260B.141, subdivision 4; 260B.198, subdivision 6; 260C.193, subdivision 6; 270A.03, subdivision 5; 299A.641, subdivision 2; 299C.65, subdivisions 2, 5; 302A.781, by adding a subdivision; 325E.21; 352D.02, subdivision 1; 363A.06, subdivision 1; 383A.08, subdivisions 6, 7; 401.15, subdivision 1; 403.07, subdivision 4; 403.11, subdivision 1, by adding subdivisions; 403.31, subdivision 1; 484.54, subdivision 2; 484.83; 504B.361, subdivision 1; 518.165, subdivisions 1, 2; 518A.35, subdivision 3; 518B.01, subdivisions 6a, 22; 548.091, subdivision 1a; 549.09, subdivision 1; 563.01, by adding a subdivision; 590.05; 595.02, subdivision 1; 609.02, subdivision 15; 609.055; 609.135, subdivision 8, by adding a subdivision; 609.15, subdivision 1; 609.21, subdivisions 1, 4a, 5, by adding subdivisions; 609.221, subdivision 2; 609.2232; 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.3451, subdivision 3; 609.3455, subdivision 4, by adding a subdivision; 609.352; 609.505, subdivision 2; 609.581, by adding subdivisions; 609.582, subdivision 2; 609.595, subdivisions 1, 2; 609.748, subdivisions 1, 5; 609.75, subdivision 8, by adding subdivisions; 611.14; 611.20, subdivision 6; 611.215, subdivisions 1, 1a; 611.23; 611.24; 611.25, subdivision 1; 611.26, subdivisions 2, 7; 611.27, subdivisions 3, 13, 15; 611.35; 611A.036, subdivisions 2, 7; 611A.675, subdivisions 1, 2, 3, 4, by adding a subdivision; 626.5572, subdivision 21; 634.15, subdivisions 1, 2; 641.05; 641.15, by adding a subdivision; 641.265, subdivision 2; Laws 2001, First Special Session chapter 8, article 4, section 4; Laws 2003, First Special Session chapter 2, article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters 72A; 171; 241; 299A; 299F; 357; 484; 504B; 540; 604; 609; 611A; repealing Minnesota Statutes 2006, sections 169.796, subdivision 3; 241.021, subdivision 5; 241.85, subdivision 2; 260B.173; 403.31, subdivision 6; 480.175, subdivision 3; 609.21, subdivisions 2, 2a, 2b, 3, 4; 609.805; 611.20, subdivision 5; Laws 2005, First Special Session chapter 6, article 3, section 91.

The Senate has appointed as such committee:

Senators Higgins; Foley; Olson, M.; Neuville and Rosen.

Said House File is herewith returned to the House.

The Senate has appointed as such committee:

Senators Higgins; Foley; Olson, M.; Neuville and Rosen.

Said House File is herewith returned to the House.

P ATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 2227, A bill for an act relating to appropriations; appropriating money for agriculture and veterans affairs; modifying disposition of certain revenue and funds; modifying certain grant and loan requirements; modifying use of Minnesota grown label; modifying and creating certain funds and accounts; eliminating the aquatic
pest control license; modifying permit and safeguard requirements; modifying and establishing certain fees and surcharges; creating a food safety and defense task force; requiring certain studies and reports; providing for NextGen energy; changing certain provisions related to veterans and members of the national guard and reserves; amending Minnesota Statutes 2006, sections 3.737, subdivision 1; 3.7371, subdivision 3; 17.03, subdivision 3; 17.101, subdivision 2; 17.102, subdivisions 1, 3, 4, by adding subdivisions; 17.117, subdivisions 1, 4, 5a, 5b, 11; 17.983, subdivision 1; 17B.03, by adding a subdivision; 18B.065, subdivisions 1, 2a; 18B.26, subdivision 3; 18B.33, subdivision 1; 18B.34, subdivision 1; 18B.345; 18C.305, by adding a subdivision; 18E.02, subdivision 5, by adding a subdivision; 18E.03, subdivision 4; 25.341, subdivision 1; 28A.04, subdivision 1; 28A.06; 28A.082, subdivision 1; 32.21, subdivision 4; 32.212; 32.394, subdivision 4; 32.415; 41B.03, subdivision 1; 41B.043, subdivisions 2, 3, 4; 41B.046, subdivision 4; 41B.055; 41B.06; 41C.05, subdivision 2; 116.0714; 156.001, by adding subdivisions; 156.12, subdivision 1; 197.75; 198.002, subdivision 2; 198.004, subdivision 1; 239.7911, subdivision 1; 327.201; 343.10; proposing coding for new law in Minnesota Statutes, chapters 18C; 28A; 35; 41A; 192; 197; repealing Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; 32.213; 35.08; 35.09; 35.10; 35.11; 35.12; 41B.043, subdivision 1a; 156.075; Laws 2006, chapter 258, section 14, subdivision 6; Minnesota Rules, parts 1705.0840; 1705.0850; 1705.0860; 1705.0870; 1705.0880; 1705.0890; 1705.0900; 1705.0910; 1705.0920; 1705.0930; 1705.0940; 1705.0950; 1705.0960; 1705.0970; 1705.0980; 1705.0990; 1705.1000; 1705.1010; 1705.1020; 1705.1030; 1705.1040; 1705.1050; 1705.1060; 1705.1070; 1705.1080; 1705.1086; 1705.1087; 1705.1088.

The Senate has appointed as such committee:

Senators Vickerman, Kubly, Erickson Ropes, Skogen and Dille.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 2096, A bill for an act relating to state government; appropriating money for environmental, natural resources, and energy purposes; establishing and modifying certain programs; modifying rulemaking authority; providing for accounts, assessments, and fees; amending Minnesota Statutes 2006, sections 84.025, subdivision 9; 84.026, subdivision 1; 84.027, by adding a subdivision; 84.0855, subdivisions 1, 2; 84.780; 84.922, subdivisions 1a, 5; 84.927, subdivision 2; 84D.03, subdivision 1; 84D.12, subdivisions 1, 3; 84D.13, subdivision 7; 85.32, subdivision 1; 86B.415, subdivisions 1, 2, 3, 4, 5, 7; 86B.706, subdivision 2; 89A.11; 93.0015, subdivision 3; 97A.045, by adding a subdivision; 97A.055, subdivision 4; 97A.065, by adding a subdivision; 97A.405, subdivision 2; 97A.411, subdivision 1; 97A.451, subdivision 3a; 97A.465, by adding subdivisions; 97A.473, subdivisions 3, 5; 97A.475, subdivisions 3, 7, 11, 12, by adding a subdivision; 97B.601, subdivision 3; 97B.715, subdivision 1; 97B.801; 97C.081, subdivision 3; 97C.355, subdivision 2; 116C.779, subdivision 1; 216B.812, subdivisions 1, 2; 216C.051, subdivision 9; Laws 2003, chapter 128, article 1, section 169; proposing coding for new law in Minnesota Statutes, chapters 84; 84D; 89; 103F; 144; 216B; 216C; 325E; repealing Minnesota Statutes 2006, section 93.2236.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Anderson, Frederickson, Saxhaug, Chaudhary and Torres Ray.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate
Wagenius moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 2096. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1989, A bill for an act relating to higher education; appropriating money for higher education and related purposes to the Minnesota Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, the board of Regents of the University of Minnesota, and the Mayo Clinic, with certain conditions; requiring certain studies; making technical changes; eliminating certain report requirements; permitting certain interest rate savings and other agreements; requiring summary statistics in required reports; repealing certain data sharing and collecting requirements; modifying financial aid programs; establishing the Minnesota GI bill program; regulating private higher education institutions; providing penalties; amending Minnesota Statutes 2006, sections 13.322, subdivision 3; 135A.01; 135A.031, subdivisions 1, 7; 135A.034, subdivision 1; 135A.14, subdivision 1; 135A.52, subdivisions 1, 2; 136A.01, subdivision 2; 136A.031, subdivision 5; 136A.0411; 136A.08, subdivision 7; 136A.101, subdivisions 4, 5a; 136A.121, subdivisions 6, 7a, by adding a subdivision; 136A.125, subdivisions 2, 4; 136A.15, subdivisions 1, 6; 136A.16, subdivisions 1, 2, 5, 8, 9, 10, by adding a subdivision; 136A.17, subdivision 1; 136A.1701, subdivisions 1, 2, 5; 136A.233, subdivision 3; 136A.29, subdivision 9; 136A.62, subdivision 3; 136A.63; 136A.65, subdivision 1, by adding a subdivision; 136A.653; 136A.657, subdivisions 1, 2, 3, by adding a subdivision; 136A.66; 136A.67; 136A.68; 136A.69; 136A.71; 136A.861, subdivisions 1, 2, 3, 4; 136F.02, subdivisions 1, 2; 136F.03, subdivision 3; 136F.42, subdivision 1; 136F.58; 136F.70, by adding a subdivision; 136F.71, subdivision 2, by adding a subdivision; 136G.11, subdivision 5; 137.0245, subdivision 4; 137.0246, subdivision 2; 141.21, subdivisions 1a, 5; 141.25, subdivisions 1, 5, 7, 9, 10, 12; 141.255, subdivision 2; 141.265, subdivision 2; 141.271, subdivisions 10, 12; 141.28, subdivision 1; 141.32; 141.35; 197.775, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 141; repealng Minnesota Statutes 2006, sections 135A.031, subdivisions 2, 3, 5, 6; 135A.032; 135A.033; 135A.045; 135A.053; 136A.07; 136A.08, subdivision 8; 136A.1702; 136A.61; Laws 2001, First Special Session chapter 1, article 1, sections 3, subdivision 3; 4, subdivision 5.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Pappas, Sheran, Latz, Robling and Michel.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rukavina moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1989. The motion prevailed.

**FISCAL CALENDAR**

Pursuant to rule 1.22, Solberg requested immediate consideration of S. F. No. 2171.
S. F. No. 2171 was reported to the House.

Buesgens moved that S. F. No. 2171, the third unofficial engrossment, be re-referred to the Committee on Finance.

A roll call was requested and properly seconded.

**CALL OF THE HOUSE**

On the motion of Emmer and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler  
Anderson, B.  
Anderson, S.  
Anzelc  
Atkins  
Beard  
Benson  
Bers  
Bigham  
Bly  
Brod  
Brown  
Brynaert  
Buesgens  
Bunn  
Clark  
Cornish  
Davnie  
Dean  
DeLaForest  
Demmer  
Dettmer  
Dill  
Dittrich  
Dominguez  
Doty  
Eastlund  
Eken  
Emmer  
Erhardt  
Erickson  
Faust  
Finstad  
Fritz  
Gardner  
Garofalo  
Gottwart  
Gottwald  
Greiling  
Hackath  
Hamilton  
Hansan  
Hausman  
Haw  
Heidgerken  
Heidg  
Hoch  
Hornstein  
Hortman  
How  
Hosch  
Howes  
Hunley  
Jaros  
John  
Kahn  
Kal  
Kalin  
Knut  
Ko  
Kohls  
Kranz  
Laine  
Lanning  
Lanc  
Lancz  
Liebling  
Lieder  
Loffler  
Lop  
M  
Marquart  
Muir  
Moe  
Morgan  
Mur  
Murphy, E.  
Nelson  
Nornes  
Olin  
Olson  
Ortenba  
Pau  
Pay  
Pel  
Peppin  
Petter  
Petter  
Petter  
Poppe  
Pop  
Pukavia  
Rukavina  
Ruth  
Rud  
Rud  
Sail  
Scal  
Seif  
Seif  
Sime  
Sp  
Slie  
Slocum  
Smith  
Solberg  
Sviggum  
Swails  
Til  
Tha  
Thi  
Tingelstadt  
Th  
T  
Til  
Ur  
Ur  
Ward  
Welt  
Westrub  
West  
Wink  
Woll  
Zell  
Zeller  
Zeller  
Spk. Kelliher

Sertich moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The question recurred on the Buesgens motion and the roll was called. There were 46 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Anderson, B.  
Anderson, S.  
Beard  
Berns  
Brod  
Buesgens  
Cornish  
Dean  
DeLaForest  
Demmer  
Dettmer  
Dill  
Dittrich  
Dominguez  
Doty  
Eastlund  
Eken  
Emmer  
Erhardt  
Erickson  
Finnst  
Fritz  
Gardner  
Garofalo  
Gottwart  
Gottwald  
Greiling  
Hackath  
Hamilton  
Hansan  
Hausman  
Haw  
Heidgerken  
Heidg  
Hoch  
Hornstein  
Hortman  
How  
Hosch  
Howes  
Hunley  
Jaros  
John  
Kahn  
Kal  
Kalin  
Knut  
Ko  
Kohls  
Kranz  
Laine  
Lanning  
Lanc  
Lancz  
Liebling  
Lieder  
Loffler  
Lop  
M  
Marquart  
Muir  
Moe  
Morgan  
Mur  
Murphy, E.  
Nelson  
Nornes  
Olin  
Olson  
Ortenba  
Pau  
Pay  
Pel  
Peppin  
Petter  
Petter  
Petter  
Poppe  
Pop  
Pukavia  
Rukavina  
Ruth  
Rud  
Rud  
Sail  
Scal  
Seif  
Seif  
Sime  
Sp  
Slie  
Slocum  
Smith  
Solberg  
Sviggum  
Swails  
Til  
Tha  
Thi  
Tingelstadt  
Th  
T  
Til  
Ur  
Ur  
Ward  
Welt  
Westrub  
West  
Wink  
Woll  
Zell  
Zeller  
Zeller  
Spk. Kelliher
Those who voted in the negative were:

Abeler       Doty       Jaros       Madore       Paymar       Thao
Anzlec       Eken       Johnson     Mahoney     Pelowski     Thissen
Atkins       Faust      Juhnke      Mariani     Peterson, A.  Tillberry
Benson       Fritz      Kahn       Marquart    Peterson, S.  Tschumper
Bigham       Gardner    Kalin       Masin       Poppe        Wagenius
Bly          Greiling   Knuth      Moe         Rukavina     Walker
Brown        Hansen     Koenen     Morgan      Ruud         Ward
Brynaert     Hausman    Kranz      Morrow      Sailer       Welti
Bunn         Haws       Laine      Mullery     Scalze       Winkler
Carlson      Hilstrom   Lenczewski Murphy, E. Murphy, M. Simon      Wollschlager
Clark        Hilty      Lesch       Murphy, M. Nelson      Slawik
Davnie       Hornstein  Liebling   Norton      Slocum       Spk. Kelliher
Dill         Hortman    Lieder      Norton      Slocum       Solberg
Dittrich     Hosch      Lillie     Olin        Solberg      Winkler
Dominguez    Huntley    Loeffler   Otremba     Swails

The motion did not prevail.

CALL OF THE HOUSE LIFTED

Emmer moved that the call of the House be lifted. The motion prevailed and it was so ordered.

Huntley, Clark and Slawik moved to amend S. F. No. 2171, the third unofficial engrossment, as follows:

Page 140, after line 25, insert:

"Sec. 25. **ANNUAL LICENSE REVIEW.**

The commissioner of human services shall work with counties to determine the cost and propose an ongoing funding allocation from the general fund to cover the cost to counties to implement an annual license review for licensed family child care providers. The commissioner shall solicit input from counties to determine the outcome. The commissioner shall report to the house and senate committees having jurisdiction over early childhood programs by January 15, 2008, as to the costs and the funding allocation recommended for future use.

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

Page 187, after line 9, insert:

"Sec. 23. Minnesota Statutes 2006, section 256B.059, subdivision 5, is amended to read:

Subd. 5. **Asset availability.** (a) At the time of initial determination of eligibility for medical assistance benefits following the first continuous period of institutionalization on or after October 1, 1989, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the following amount for the community spouse:

(1) prior to July 1, 1994, the greater of:

(i) $14,148;
(ii) the lesser of the spousal share or $70,740; or

(iii) the amount required by court order to be paid to the community spouse;

(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) $20,000;

(ii) the lesser of the spousal share or $70,740; or

(iii) the amount required by court order to be paid to the community spouse.

The value of assets transferred for the sole benefit of the community spouse under section 256B.0595, subdivision 4, in combination with other assets available to the community spouse under this section, cannot exceed the limit for the community spouse asset allowance determined under subdivision 3 or 4. Assets that exceed this allowance shall be considered available to the institutionalized spouse, as provided by federal law, whether or not converted to income. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 3; (ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, during the continuous period of institutionalization, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under paragraph (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under the supplemental security income program.

Page 428, line 25, after "occupational" insert "and residential"

Page 438, line 20, delete "coordinator" and insert "coordinators"

Page 439, line 4, delete "Newborn and infant hearing screening" and insert "Early hearing detection and intervention"

Page 439, line 5, delete "Universal Newborn Hearing and Infant Screening (UNHS)" and insert "Early Hearing Detection and Intervention (EHDI)"

Page 439, line 6, delete "UNHS" and insert "EHDI"
Page 439, line 8, after "parents" insert "or parent"

Page 440, line 5, delete "UNHS" and insert "EHDI"

Page 440, line 12, delete "Laboratory service" and delete "laboratory"

Page 440, line 13, delete "service fees" and insert "a fee"

Page 442, line 14, after "of" insert "aggregate"

Page 442, line 20, after the comma, insert "and"

Page 442, line 21, before the semicolon, insert "and addressing issues having to do with compatibility with the Centers for Disease Control and Prevention's National Environmental Public Health Tracking Program"

Page 442, line 23, delete "prevalence" and insert "population-based measures"

Page 442, line 24, delete "and incidence"

Page 442, line 32, delete "level of correlation with" and insert "feasibility of integrating"

Page 444, line 1, after "panel" insert "and after the program guidelines in subdivision 4 are developed"

Page 444, line 18, delete "program" and insert "commissioner"

Page 444, delete lines 19 to 24 and insert:

"(1) work with the advisory panel to assess the usefulness of continuing biomonitoring among members of communities assessed during the pilot program and to identify other communities and other designated chemicals to be assessed via biomonitoring;

(2) work with the advisory panel to assess the pilot program, including but not limited to, the validity and accuracy of the analytical measurements and adequacy of the guidelines and protocols;

(3) communicate the results of the pilot program to the public; and

(4) after consideration of the findings and recommendations in clauses (1) and (2), and within the appropriations available, develop and implement a base program."

Page 445, line 9, delete everything after the period and insert "The commissioner and the advisory panel shall be guided by protocols and guidelines developed by the Centers for Disease Control and Prevention and the National Biomonitoring Program."

Page 445, delete lines 10 and 11

Page 449, line 23, delete "plastics research" and insert "engineering and material science"

Page 462, line 22, delete "five" and insert "ten"

Page 513, line 30, after the period, insert "This funding is in addition to the family planning grants base funding."
Page 519, delete lines 22 to 27

Page 524, line 27, after the comma, insert "and for"

Page 524, line 29, after "the" insert "Minnesota Cancer Surveillance"

Adjust the totals accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Hilstrom, Huntley, Dean, Brod and Greiling moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 146, after line 21, insert:

"Sec. 6. Minnesota Statutes 2006, section 256B.055, subdivision 14, is amended to read:

Subd. 14. Persons detained by law. (a) Medical assistance may be paid for an inmate of a correctional facility who is conditionally released as authorized under section 241.26, 244.065, or 631.425, if the individual does not require the security of a public detention facility and is housed in a halfway house or community correction center, or under house arrest and monitored by electronic surveillance in a residence approved by the commissioner of corrections, and if the individual meets the other eligibility requirements of this chapter.

(b) An individual who is enrolled in medical assistance, and who is charged with a crime and incarcerated in a local jail, workhouse, or juvenile correctional facility for less than 12 months shall be suspended from eligibility at the time of incarceration until the individual is released. Upon release, medical assistance eligibility is reinstated without reapplication, if the individual is otherwise eligible.

(c) An individual, regardless of age, who is considered an inmate of a public institution as defined in Code of Federal Regulations, title 42, section 435.1009, is not eligible for medical assistance."

Renumber the sections in sequence and correct the internal references

Adjust amounts accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.
Abeler and Huntley moved to amend S. F. No. 2171 the third unofficial engrossment, as amended, as follows:

Page 396, after line 12, insert:

"Sec. 6. [62J.431] EVIDENCE-BASED HEALTH CARE GUIDELINES.

Evidence-based guidelines must meet the following criteria:

(1) the scope and application are clear;

(2) authorship is stated and any conflicts of interest disclosed;

(3) authors represent all pertinent clinical fields or other means of input have been used;

(4) the development process is explicitly stated;

(5) the guideline is grounded in evidence;

(6) the evidence is cited and graded;

(7) the document itself is clear and practical;

(8) the document is flexible in use, with exceptions noted or provided for with general statements;

(9) measures are included for use in systems improvement; and

(10) the guideline has scheduled reviews and updating."

Page 400, after line 23, insert:

"Sec. 9. Minnesota Statutes 2006, section 62J.60, is amended by adding a subdivision to read:

Subd. 3a. **Required statement.** An identification card issued to an enrollee by a health plan company or other entity governed by Minnesota health coverage laws must contain the following statement: "Subject to Minnesota law."

Page 410, after line 25, insert:

"Sec. 19. [62Q.101] EVALUATION OF PROVIDER PERFORMANCE.

Subdivision 1. **Performance targets; reasonable basis and disclosure required.** A health plan company, or a vendor of risk management services as defined under section 60A.23, subdivision 8, shall, in evaluating the performance of a health care provider:

(1) conduct the evaluation using a bona fide baseline based upon practice experience of the provider group; and

(2) disclose the baseline to the health care provider in writing and prior to the beginning of the time period used for the evaluation."
Page 414, after line 35, insert:

"Sec. 27. [145.985] HEALTH PROMOTION AND WELLNESS.

Community health boards as defined in section 145A.02, subdivision 5, may work with schools, health care providers, and others to coordinate health and wellness programs in their communities. In order to meet the requirements of this section, community health boards may:

(1) provide instruction, technical assistance, and recommendations on how to evaluate project outcomes;

(2) assist with on-site health and wellness programs utilizing volunteers and others addressing health and wellness topics including smoking, nutrition, obesity, and others; and

(3) encourage health and wellness programs consistent with the Centers for Disease Control and Prevention's Community Guide and goals consistent with the Centers for Disease Control and Prevention's Healthy People 2010 initiative."

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Abeler, Huntley, Mahoney and Clark moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 324, line 28, reinstate the stricken "or"

Page 324, line 29, delete "; or"

Page 324, line 30, delete the new language

Page 325, line 8, delete "(a)"

Page 325, delete lines 19 to 34

Page 371, line 29, delete "and"

Page 371, line 30, delete the period and insert a semicolon

Page 371, after line 30, insert:

"(9) a representative from the Minnesota Association of Sober Homes; and

(10) a representative from the Association of Halfway House Alcoholism Programs of North America."
Page 371, line 33, after the period, insert "The work group shall also study and include recommendations for minimum housing standards, client rights, and ways to ensure transition to safe housing for vulnerable evicted tenants."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Murphy, E.; Abeler and Huntley moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 169, line 25, after "commissioner" insert "of human services"

Page 169, line 30, after the period, insert "The commissioner of human services shall seek federal matching funds to further increase the dispensing fee to cover the cost of dispensing, up to a maximum dispensing fee of $12.92."

Page 169, after line 33, insert:

"Sec. 32. PHARMACY STUDIES.

Subdivision 1. Fiscal impact of deficit reduction act. The commissioner of human services shall report to the legislature by January 1, 2008, on the fiscal impact of Deficit Reduction Act reforms on the Minnesota Medicaid pharmacy program, including but not limited to:

(1) overall cost reductions to the Minnesota Medicaid pharmacy program as a result of the Deficit Reduction Act of 2005;

(2) the impact of reforms on the federal upper limit on pharmacy reimbursement, and the amount that the dispensing fee for multiple-source generic drugs would have to be adjusted to offset any reductions resulting from federal upper limits implemented as a result of the Deficit Reduction Act of 2005;

(3) the cost of reduced federal rebates received from pharmaceutical manufacturers as a result of Deficit Reduction Act reforms, and strategies that could be employed in administering the Medicaid drug formulary to compensate for lost manufacturer rebates; and

(4) a detailed comparison of the federal upper limits and state maximum allowable cost (MAC) prices prior to and following implementation of the Deficit Reduction Act reforms.

Subd. 2. Pharmacy payment reform advisory committee. (a) The Pharmacy Payment Reform Advisory Committee established under Laws of Minnesota 2006, chapter 282, article 16, section 15, shall present findings and recommendations to the commissioner of human services on:

(1) whether pharmacy reimbursement for multiple-source generic prescriptions following implementation of Deficit Reduction Act reforms allows for payment sufficient to cover the actual pharmacy costs for acquiring the drug product and dispensing the prescription;
(2) the impact of the reforms on pharmacies with more than ten percent of annual prescription volume from Medicaid, and on pharmacies in rural areas or areas with a significant Medicaid population:

(3) the impact of changes in pharmacy reimbursement for multiple-source drugs on patient access to pharmacy services; and

(4) the impact of changes in pharmacy reimbursement for multiple-source drugs on generic dispensing rates.

(b) The Pharmacy Payment Reform Advisory Committee shall also review the current method of reimbursement for single-source drugs, and present recommendations to the commissioner of human services on the creation of a transparent reimbursement model for single-source drugs that would adequately reimburse pharmacies for drug product costs and pharmacy dispensing services.

(c) The commissioner of human services shall present the advisory committee's findings and recommendations on the topics specified in paragraphs (a) and (b) to the legislature by January 1, 2008.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Clark, Hilstrom and Smith moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 464, line 23, before the colon, insert "and section 325E.387, subdivision 2"

Page 465, line 3, delete "or"

Page 465, line 4, delete the period and insert ": or"

Page 465, after line 4, insert:

"(7) the manufacture, sale, repair, distribution, maintenance, refurbishment, or modification of telecommunications equipment containing polybrominated diphenyl ethers used by entities eligible to hold authorization in the Public Safety Pool under Code of Federal Regulations, title 47, part 90."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.
ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 6:

Greiling, Mariani, Slawik, Fritz and Heidgerken.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2096:

Wagenius, Hilty, Hansen, Dill and Ozment.

FISCAL CALENDAR, Continued

Rukavina, Clark, Seifert and Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 332, after line 6, insert:

"Sec. 7.  Minnesota Statutes 2006, section 151.19, subdivision 2, is amended to read:

Subd. 2.  Nonresident pharmacies. The board shall require and provide for an annual nonresident special pharmacy registration for all pharmacies located outside of this state that regularly dispense medications for Minnesota residents and mail, ship, or deliver prescription medications into this state. Nonresident special pharmacy registration shall be granted by the board upon the disclosure and certification by a pharmacy:

(1) that it is licensed in the state in which the dispensing facility is located and from which the drugs are dispensed;

(2) the location, names, and titles of all principal corporate officers and all pharmacists who are dispensing drugs to residents of this state;

(3) that it complies with all lawful directions and requests for information from the Board of Pharmacy of all states in which it is licensed or registered, except that it shall respond directly to all communications from the board concerning emergency circumstances arising from the dispensing of drugs to residents of this state;

(4) that it maintains its records of drugs dispensed to residents of this state so that the records are readily retrievable from the records of other drugs dispensed;

(5) that it cooperates with the board in providing information to the Board of Pharmacy of the state in which it is licensed concerning matters related to the dispensing of drugs to residents of this state; and

(6) that during its regular hours of operation, but not less than six days per week, for a minimum of 40 hours per week, a toll-free telephone service is provided to facilitate communication between patients in this state and a pharmacist at the pharmacy who has access to the patients' records; the toll-free number must be disclosed on the label affixed to each container of drugs dispensed to residents of this state; and"
(7) that, upon request of a resident of a long-term care facility located within the state of Minnesota or by an agent of the resident, the pharmacy will dispense medications prescribed for the resident in unit-dose packaging or, alternatively, comply with the provisions of section 151.415, subdivision 5."

Page 333, after line 11, insert:

"Sec. 9. [151.415] LONG-TERM CARE RESIDENT ACCESS TO PHARMACEUTICALS ACT.

Subdivision 1. Title; citation. This section may be cited as the "Long-Term Care Resident Access to Pharmaceuticals Act."

Subd. 2. Definitions. For the purposes of this section, the following terms have the meanings given them unless otherwise provided by text:

(a) "Board" means the Board of Pharmacy.

(b) "Contract pharmacy" means a pharmacy, licensed under this chapter, which is under contract to a long-term care facility.

(c) "Long-term care facility" has the meaning given in section 256.9741, subdivision 1.

(d) "Original dispensing pharmacy" shall mean a pharmacy, licensed in any state in the United States, which dispenses drugs in bulk prescription containers to a person who is a resident in a long-term care facility.

Subd. 3. Authorization to administer and repackage drugs. (a) A contract pharmacist or pharmacy may repackage a resident's prescription drugs, which have been lawfully dispensed from bulk prescription containers by an original dispensing pharmacy, into a unit-dose system compatible with the system used by the long-term care facility.

(b) A long-term care facility may administer drugs to residents of the facility that have been repackaged according to this subdivision.

(c) Drugs may be dispensed for and administered to a resident of a long-term care facility according to this subdivision, provided that:

(1) the drug is dispensed by the original dispensing pharmacy according to a current, valid prescription;

(2) the original bulk prescription container for the resident is delivered by the original dispensing pharmacy directly to the contract pharmacist or pharmacy;

(3) the contract pharmacist or pharmacy verifies the name and strength of the drug, the name of the manufacturer of the drug, the manufacturer's lot or control number, the manufacturer's expiration date for the drug, and the date the drug was dispensed by the original dispensing pharmacy;

(4) the contract pharmacist or pharmacy verifies the validity and accuracy of the current prescription order;

(5) the contract pharmacist or pharmacy repackages the drug in board-approved unit-dose packaging, with labeling that complies with Minnesota Rules, part 6800.6300, and that identifies that the drug has been repackaged according to this section;
Subd. 4. **Maintenance of records.** For each drug repackaged by a contract pharmacy under this section, the contract pharmacy shall maintain a record for at least two years of the following information:

1. the name, manufacturer, manufacturer's lot number, manufacturer's expiration date, and quantity of the drug prescribed;
2. the name and address of the resident for whom the drug was repackaged;
3. the name and address or other identifier of the prescriber;
4. the date the prescription was issued and the date the drug was repackaged;
5. the date the repackaged drug was delivered to the long-term care facility;
6. the directions for use;
7. a copy of the label that was affixed to the repackaged drug;
8. the initials of the packager;
9. the initials of the supervising pharmacist; and
10. the name and business address of the original dispensing pharmacy.

Subd. 5. **Duties of the original dispensing pharmacy.** Upon request of the resident, the resident's authorized representative, or a contract pharmacy or licensed health care facility acting on behalf of the resident, the original dispensing pharmacy is required to deliver medications dispensed for the resident directly to the contract pharmacist or pharmacy. The original dispensing pharmacy is further required to provide the contract pharmacist or pharmacy with the name and strength of the drug, the name of the manufacturer of the drug, the manufacturer's lot or control number, the manufacturer's expiration date for the drug, and the date the drug was dispensed.

Subd. 6. **Redispensing of returned drugs prohibited.** Unused drugs repackaged according to this section that are returned to any pharmacy shall not be redispensed.

Subd. 7. **Immunity from civil liability.** (a) A contract pharmacist or pharmacy and its employees or agents repackaging a drug acquired from an original dispensing pharmacy shall be immune from civil liability arising from harm caused by the drug due to acts or omissions of other persons outside of the contract pharmacist or pharmacy if the contract pharmacist or pharmacy properly repackages the drug according to this section.

(b) A long-term care facility and the facility's employees or agents who properly administer a drug repackaged by a contract pharmacist or pharmacy under this section shall be immune from civil liability arising from harm caused by the drug due to acts or omissions of other persons outside the long-term care facility.
Subd. 8. **Handling fee.** A contract pharmacist or pharmacy may charge a monthly fee of no more than 250 percent of the medical assistance program dispensing fee for each drug repackaged according to this section, but no more than $100 per month for each individual resident."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Otremba, Gottwalt, Shimanski, Slawik, Ward and Fritz moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 140, after line 25, insert:

"Sec. 32. ** LICENSING MORATORIUM. **

A program operated by a nonpublic school for children 33 months or older is exempt from the human services licensing requirements in Minnesota Statutes, chapter 245A, until July 1, 2009. Nothing in this section prohibits an already licensed nonpublic school program from continuing its licensure or a nonpublic school program from seeking licensure.

**EFFECTIVE DATE.** This moratorium is effective upon final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

**CALL OF THE HOUSE**

On the motion of Hoppe and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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<th>Abeler</th>
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<th>Eastlund</th>
<th>Hackbarth</th>
<th>Howes</th>
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<td>Gunther</td>
<td>Hosch</td>
<td>Lenczewski</td>
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Sertich moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Otremba, Finstad, Gottwalt, Cornish, Peppin, Nornes, Demmer, Heidgerken, Hoppe, Dettmer, Erickson, Dean, Fritz, Koenen, Severson, Zellers, Ruth, Lanning, Emmer, Ward, Shimanski, Tingelstad and Brod moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 169, after line 33, insert:

"Sec. 32. PROHIBITION ON USE OF FUNDS.

Funding for state-sponsored health programs shall not be used for funding abortions, except to the extent necessary for continued participation in a federal program. For purposes of this section, abortion has the meaning given in Minnesota Statutes, section 144.343, subdivision 3."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Otremba et al amendment and the roll was called. There were 64 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abeler  Dettmer  Garofalo  Juhnke  Olin  Simpson
Anderson, B.  Dill  Gottwald  Koenen  Olson  Smith
Anderson, S.  Dittrich  Gunther  Kohls  Otemba  Siggum
Beard  Doty  Hackbarth  Lanning  Paulsen  Tingelstad
Bens  Eastlund  Hamilton  Lenczewski  Pelowski  Urdahl
Brod  Eken  Haws  Magnus  Peppin  Ward
Buesgens  Emmer  Heidgerken  Marquart  Peterson, N.  Ruth
Cornish  Erickson  Holberg  McFarlane  Seifert  Zellers
Dean  Faust  Hoppe  McNamara  Spk. Kelliher
DeLaForest  Finstad  Hosch  Murphy, M.  Severson
Demmer  Fritz  Howes  Nornes  Shimanski
Those who voted in the negative were:

Anzelc  Erhardt  Kahn  Mariani  Poppe  Thissen
Atkins  Gardner  Kalin  Masin  Rukavina  Tillberry
Benson  Greiling  Knuth  Moe  Ruud  Tschumper
Bigham  Hansen  Kranz  Morgan  Sailer  Wagenius
Bly  Hausman  Laine  Morrow  Scalze  Walker
Brown  Hilstrom  Lesch  Mullery  Sertich  Winkler
Brynaert  Hilty  Liebling  Murphy, E.  Simon  Wollschlager
Bunn  Hornstein  Lieder  Nelson  Slawik  Spk. Kelliher
Carlson  Hortman  Lillie  Norton  Slocum
Clark  Huntley  Loeffler  Paymar  Solberg
Davnie  Jaros  Madore  Peterson, A.  Swails
Domínguez  Johnson  Mahoney  Peterson, S.  Thao

The motion did not prevail and the amendment was not adopted.

CALL OF THE HOUSE LIFTED

Brod moved that the call of the House be lifted. The motion prevailed and it was so ordered.

Carlson was excused between the hours of 3:10 p.m. and 11:15 p.m.

Garofalo moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Pages 17 and 18, delete section 13
Renumber the sections in sequence and correct the internal references
Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Garofalo amendment and the roll was called. There were 46 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler  Dean  Finstad  Howes  Paulsen  Smith
Anderson, B.  DeLaForest  Garofalo  Kohls  Peppin  Sviggum
Anderson, S.  Demmer  Gottwald  Lanning  Peterson, N.  Tingelstad
Beard  Dettmer  Gunther  Magnus  Ruth  Urdaal
Bents  Eastlund  Hackbarth  McFarlane  Seifert  Westrom
Brod  Emmer  Hamilton  McNamara  Severson  Zellers
Buesgens  Erhardt  Holberg  Nornes  Shimanski
Cornish  Erickson  Hoppe  Olson  Simpson
Those who voted in the negative were:

Anzelc  Faust  Johnson  Mahoney  Pelowski  Thissen
Atkins  Fritz  Juhnke  Mariani  Peterson, A.  Tillberry
Benson  Gardner  Kahn  Marquart  Peterson, S.  Tschumper
Bigham  Greiling  Kafin  Masin  Poppe  Wagenius
Bly  Hansen  Knuth  Moe  Rukavina  Walker
Brown  Hausman  Koenen  Morgan  Ruud  Ward
Brynaert  Haws  Kranz  Morrow  Sailer  Welti
Bunn  Heidgerken  Laine  Muller  Scalze  Winkler
Clark  Hilstrom  Lenczewski  Murphy, E.  Sertich  Wollschlager
Davnie  Hilty  Lesch  Murphy, M.  Simon  Spk. Kelliher
Dill  Hornstein  Liebling  Nelson  Slawik
 Dittrich  Horstman  Lieder  Norton  Slocum
Dominguex  Hosch  Lillie  Olin  Solberg
Doty  Huntley  Loeffler  Otrema  Swails
Eken  Jaros  Madore  Paymar  Thao

The motion did not prevail and the amendment was not adopted.

Gottwalt moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 170, delete section 32
Page 376, delete Article 8, and insert:

"ARTICLE 8

HEALTHY CONNECTIONS

Section 1. Minnesota Statutes 2006, section 13.46, subdivision 2, is amended to read:

Subd. 2. General. (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; evaluate the effectiveness of programs; and investigate suspected fraud;

(6) to administer federal funds or programs;
(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual’s and their dependent’s names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Education, and the Department of Employment and Economic Development for the purpose of monitoring the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the Minnesota family investment program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer’s official duties; and
(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;
(24) the current address and telephone number of program recipients and emergency contacts may be released to
the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the
commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier,
suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney
general, and agencies of other states, interstate information networks, federal agencies, and other entities as required
by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support
system database for the purpose of administration, including monitoring and evaluation of those public assistance
programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the
Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance
under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under
chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support
program by exchanging data between the Department of Human Services, Department of Revenue under section
270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department
of Health, Department of Employment and Economic Development, and other state agencies as is reasonably
necessary to perform these functions; or

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program
participants, applicants, and providers to the commissioner of education; or

(30) pursuant to section 256L.02, subdivision 6, between the welfare system and the Minnesota Health Insurance
Exchange, under section 62A.67, in order to enroll and collect premiums from individuals in the MinnesotaCare
program under chapter 256L and to administer the individual's and their families' participation in the program.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to
the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph
(b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are
private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access
provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer
interface system.

Sec. 2. [62A.67] MINNESOTA HEALTH INSURANCE EXCHANGE.

Subdivision 1. Title; citation. This section may be cited as the "Minnesota Health Insurance Exchange."
Subd. 2. **Creation; tax exemption.** The Minnesota Health Insurance Exchange is created for the limited purpose of providing individuals with greater access, choice, portability, and affordability of health insurance products. The Minnesota Health Insurance Exchange is a not-for-profit corporation under chapter 317A and section 501(c) of the Internal Revenue Code.

Subd. 3. **Definitions.** The following terms have the meanings given them unless otherwise provided in text.

(a) "Board" means the board of directors of the Minnesota Health Insurance Exchange under subdivision 13.

(b) "Commissioner" means:

(1) the commissioner of commerce for health insurers subject to the jurisdiction of the Department of Commerce;

(2) the commissioner of health for health insurers subject to the jurisdiction of the Department of Health; or

(3) either commissioner's designated representative.

(c) "Exchange" means the Minnesota Health Insurance Exchange.

(d) "HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

(e) "Individual market health plans," unless otherwise specified, means individual market health plans defined in section 62A.011 and MinnesotaCare II products as defined in chapter 256L.

(f) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.

Subd. 4. **Insurer and health plan participation.** All health plans as defined in section 62A.011, subdivision 3, issued or renewed in the individual market shall participate in the exchange. No health plans in the individual market may be issued or renewed outside of the exchange. Group health plans as defined in section 62A.10 shall not be offered through the exchange. Health plans offered through the Minnesota Comprehensive Health Association as defined in section 62E.10 are offered through the exchange to eligible enrollees as determined by the Minnesota Comprehensive Health Association. Health plans offered through MinnesotaCare and MinnesotaCare II under chapter 256L are offered through the exchange to eligible enrollees as determined by the commissioner of human services.

Subd. 5. **Approval of health plans.** No health plan may be offered through the exchange unless the commissioner has first certified that:

(1) the insurer seeking to offer the health plan is licensed to issue health insurance in the state; and

(2) the health plan meets the requirements of this section, and the health plan and the insurer are in compliance with all other applicable health insurance laws.

Subd. 6. **Individual market health plans.** Individual market health plans offered through the exchange continue to be regulated by the commissioner as specified in chapters 62A, 62C, 62D, 62E, 62Q, and 72A, and must include the following provisions that apply to all health plans issued or renewed through the exchange:

(1) premiums for children under the age of 19 shall not vary by age in the exchange; and
(2) premiums for children under the age of 19 must be excluded from rating factors requirements under section 62A.65, subdivision 3, paragraph (b).

Subd. 7. **MinnesotaCare II health plans.** Health plans approved for MinnesotaCare II under section 256L.075 shall be offered by participating insurers to exchange participants not enrolled in MinnesotaCare II.

Subd. 8. **Individual participation and eligibility.** Individuals are eligible to purchase health plans directly through the exchange or through an employer Section 125 Plan under section 62A.68. Nothing in this section requires guaranteed issue of individual market health plans offered through the exchange. Individuals are eligible to purchase individual market health plans through the exchange by meeting one or more of the following qualifications:

(1) the individual is a Minnesota resident, meaning the individual is physically residing on a permanent basis in a place that is the person's principal residence and from which the person is absent only for temporary purposes;

(2) the individual is a student attending an institution outside of Minnesota and maintains Minnesota residency;

(3) the individual is not a Minnesota resident but is employed by an employer physically located within the state and the individual's employer does not offer a group health insurance plan as defined in section 62A.10, but does offer a Section 125 Plan through the exchange under section 62A.68;

(4) the individual is not a Minnesota resident but is self-employed and the individual's principal place of business is in the state; or

(5) the individual is a dependent as defined in section 62L.02, of another individual who is eligible to participate in the exchange.

Subd. 9. **Continuation of coverage.** Enrollment in a health plan may be canceled for nonpayment of premiums, fraud, or changes in eligibility for MinnesotaCare under chapter 256L. Enrollment in an individual market health plan may not be canceled or renewed because of any change in employer or employment status, marital status, health status, age, residence, or any other change that does not affect eligibility as defined in this section.

Subd. 10. **Responsibilities of the exchange.** The exchange shall serve as the sole entity for enrollment and collection and transfer of premium payments for health plans offered through the exchange. The exchange shall be responsible for the following functions:

(1) publicize the exchange, including but not limited to its functions, eligibility rules, and enrollment procedures;

(2) provide assistance to employers to set up an employer Section 125 Plan under section 62A.68;

(3) create a system to allow individuals to compare and enroll in health plans offered through the exchange;

(4) create a system to collect and transmit to the applicable plans all premium payments or contributions made by or on behalf of individuals, including developing mechanisms to receive and process automatic payroll deductions for individuals enrolled in employer Section 125 Plans;

(5) refer individuals interested in MinnesotaCare or MinnesotaCare II under chapter 256L to the Department of Human Services to determine eligibility;

(6) establish a mechanism with the Department of Human Services to transfer premiums and subsidies for MinnesotaCare and MinnesotaCare II to qualify for federal matching payments;
(7) administer bonus accounts as defined in chapter 256L to reimburse MinnesotaCare II enrollees for qualified medical expenses under section 213(d) of the Internal Revenue Code;

(8) collect and assess information for eligibility for bonus accounts and premium incentives under chapter 256L;

(9) upon request, issue certificates of previous coverage according to the provisions of HIPAA and as referenced in section 62Q.181 to all such individuals who cease to be covered by a participating health plan through the exchange;

(10) establish procedures to account for all funds received and disbursed by the exchange for individual participants of the exchange; and

(11) make available to the public, at the end of each calendar year, a report of an independent audit of the exchange's accounts.

Subd. 11. Powers of the exchange. The exchange shall have the power to:

(1) contract with insurance producers licensed in accident and health insurance under chapter 60K and vendors to perform one or more of the functions specified in subdivision 10;

(2) contract with employers to act as the plan administrator for participating employer Section 125 Plans and to undertake the obligations required by federal law of a plan administrator;

(3) establish and assess fees on health plan premiums of health plans purchased through the exchange to fund the cost of administering the exchange;

(4) seek and directly receive grant funding from government agencies or private philanthropic organizations to defray the costs of operating the exchange;

(5) establish and administer rules and procedures governing the operations of the exchange;

(6) establish one or more service centers within Minnesota;

(7) sue or be sued or otherwise take any necessary or proper legal action;

(8) establish bank accounts and borrow money; and

(9) enter into agreements with the commissioners of commerce, health, human services, revenue, employment and economic development, and other state agencies as necessary for the exchange to implement the provisions of this section.

Subd. 12. Dispute resolution. The exchange shall establish procedures for resolving disputes with respect to the eligibility of an individual to participate in the exchange. The exchange does not have the authority or responsibility to intervene in or resolve disputes between an individual and a health plan or health insurer. The exchange shall refer complaints from individuals participating in the exchange to the commissioner of human services to be resolved according to sections 62Q.68 to 62Q.73.

Subd. 13. Governance. The exchange shall be governed by a board of directors with 11 members. The board shall convene on or before July 1, 2007, after the initial board members have been selected. The initial board membership consists of the following:
(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by a joint committee of the Minnesota senate and the Minnesota house of representatives to serve three-year terms; and

(5) four members appointed by the governor to serve three-year terms.

Subd. 14. **Subsequent board membership.** Ongoing membership of the exchange consists of the following effective July 1, 2010:

(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by the governor with the approval of a joint committee of the senate and house of representatives to serve two- or three-year terms. Appointed members may serve more than one term; and

(5) four members elected by the membership of the exchange of which two are elected to serve a two-year term and two are elected to serve a three-year term. Elected members may serve more than one term.

Subd. 15. **Operations of the board.** Officers of the board of directors are elected by members of the board and serve one-year terms. Six members of the board constitutes a quorum, and the affirmative vote of six members of the board is necessary and sufficient for any action taken by the board. Board members serve without pay, but are reimbursed for actual expenses incurred in the performance of their duties.

Subd. 16. **Operations of the exchange.** The board of directors shall appoint an exchange director who shall:

(1) be a full-time employee of the exchange;

(2) administer all of the activities and contracts of the exchange; and

(3) hire and supervise the staff of the exchange.

Subd. 17. **Insurance producers.** When a producer licensed in accident and health insurance under chapter 60K enrolls an eligible individual in the exchange, the health plan chosen by an individual may pay the producer a commission.

Subd. 18. **Implementation.** Health plan coverage through the exchange begins on January 1, 2009. The exchange must be operational to assist employers and individuals by September 1, 2008, and be prepared for enrollment by December 1, 2008. Enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association as of December 2, 2008, are automatically enrolled in the exchange on January 1, 2009, in the same health plan and at the same premium that they were enrolled as of December 2, 2008, subject to the provisions of this section. As of January 1, 2009, all enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association shall make premium payments to the exchange.
Subd. 19. Study of insurer issue requirements. In consultation with the commissioners of commerce and health, the exchange shall study and make recommendations on rating requirements and risk adjustment mechanisms that could be implemented to facilitate increased enrollment in the exchange by employers and employees through employer Section 125 Plans. The exchange shall report study findings and recommendations to the chairs of house and senate committees having jurisdiction over commerce and health by January 15, 2011.

Sec. 3. [62A.68] SECTION 125 PLANS.

Subdivision 1. Definitions. The following terms have the meanings given unless otherwise provided in text:

(a) "Current employee" means an employee currently on an employer's payroll other than a retiree or disabled former employee.

(b) "Employer" means a person, firm, corporation, partnership, association, business trust, or other entity employing one or more persons, including a political subdivision of the state, filing payroll tax information on such employed person or persons.

(c) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.

(d) "Exchange" means the Minnesota Health Insurance Exchange under section 62A.67.

(e) "Exchange director" means the appointed director under section 62A.67, subdivision 16.

Subd. 2. Section 125 Plan requirement. Effective January 1, 2009, all employers with 11 or more current employees shall offer a Section 125 Plan through the exchange to allow their employees to pay for health insurance premiums with pretax dollars. The following employers are exempt from the Section 125 Plan requirement:

(1) employers that offer a group health insurance plan as defined in 62A.10;

(2) employers that offer group health insurance through a self-insured plan as defined in section 62E.02; and

(3) employers with fewer than 11 current employees, except that employers under this clause may voluntarily offer a Section 125 Plan.

Subd. 3. Tracking compliance. By July 1, 2008, the exchange, in consultation with the commissioners of commerce, health, employment and economic development, and revenue shall establish a method for tracking employer compliance with the Section 125 Plan requirement.

Subd. 4. Employer requirements. Employers that are required to offer or choose to offer a Section 125 Plan through the exchange shall enter into an annual binding agreement with the exchange, which includes the terms in paragraphs (a) to (h).

(a) The employer shall designate the exchange director to be the plan's administrator for the employer's plan and the exchange director agrees to undertake the obligations required of a plan administrator under federal law.

(b) Only the coverage and benefits offered by participating insurers in the exchange constitutes the coverage and benefits of the participating employer plan.

(c) Any individual eligible to participate in the exchange may elect coverage under any participating health plan for which they are eligible, and neither the employer nor the exchange shall limit choice of coverage from among all the participating insurance plans for which the individual is eligible.
(d) The employer shall deduct premium amounts on a pretax basis in an amount not to exceed an employee’s
wages and make payments to the exchange as directed by employees for health plans employees enroll in through
the exchange.

(e) The employer shall not offer individuals eligible to participate in the exchange any separate or competing
group health plan under section 62A.10.

(f) The employer reserves the right to determine the terms and amounts of the employer’s contribution to the
plan, if any.

(g) The employer shall make available to the exchange any of the employer’s documents, records, or information,
including copies of the employer’s federal and state tax and wage reports that are necessary for the exchange to
verify:

(1) that the employer is in compliance with the terms of its agreement with the exchange governing the
participating employer plan;

(2) that the participating employer plan is in compliance with applicable state and federal laws, including those
relating to nondiscrimination in coverage; and

(3) the eligibility of those individuals enrolled in the participating employer plan.

(h) The exchange shall not provide the participating employer plan with any additional or different services or
benefits not otherwise provided or offered to all other participating employer plans.

Subd. 5. **Section 125 eligible health plans.** Individuals eligible to enroll in health plans through an employer
Section 125 Plan through the exchange may enroll in any health plan offered through the exchange for which the
individual is eligible including individual market health plans, MinnesotaCare and MinnesotaCare II, and the
Minnesota Comprehensive Health Association.

Sec. 4. Minnesota Statutes 2006, section 62E.141, is amended to read:

**62E.141 INCLUSION IN EMPLOYER-SPONSORED PLAN.**

No employee of an employer that offers a group health plan, under which the employee is eligible for coverage,
is eligible to enroll, or continue to be enrolled, in the comprehensive health association, except for enrollment or
continued enrollment necessary to cover conditions that are subject to an unexpired preexisting condition limitation,
preeexisting condition exclusion, or exclusionary rider under the employer’s health plan. This section does not apply
to persons enrolled in the Comprehensive Health Association as of June 30, 1993. With respect to persons eligible
to enroll in the health plan of an employer that has more than 29 current employees, as defined in section 62L.02,
this section does not apply to persons enrolled in the Comprehensive Health Association as of December 31, 1994.

Sec. 5. Minnesota Statutes 2006, section 62L.12, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) A health carrier may sell, issue, or renew individual conversion policies to eligible
employees otherwise eligible for conversion coverage under section 62D.104 as a result of leaving a health
maintenance organization’s service area.

(b) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise
eligible for conversion coverage as a result of the expiration of any continuation of group coverage required under
(c) A health carrier may sell, issue, or renew conversion policies under section 62E.16 to eligible employees.

(d) A health carrier may sell, issue, or renew individual continuation policies to eligible employees as required.

(e) A health carrier may sell, issue, or renew individual health plans if the coverage is appropriate due to an unexpired preexisting condition limitation or exclusion applicable to the person under the employer's group health plan or due to the person's need for health care services not covered under the employer's group health plan.

(f) A health carrier may sell, issue, or renew an individual health plan, if the individual has elected to buy the individual health plan not as part of a general plan to substitute individual health plans for a group health plan nor as a result of any violation of subdivision 3 or 4.

(g) Nothing in this subdivision relieves a health carrier of any obligation to provide continuation or conversion coverage otherwise required under federal or state law.

(h) Nothing in this chapter restricts the offer, sale, issuance, or renewal of coverage issued as a supplement to Medicare under sections 62A.3099 to 62A.44, or policies or contracts that supplement Medicare issued by health maintenance organizations, or those contracts governed by sections 1833, 1851 to 1859, 1860D, or 1876 of the federal Social Security Act, United States Code, title 42, section 1395 et seq., as amended.

(i) Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans necessary to comply with a court order.

(j) A health carrier may offer, issue, sell, or renew an individual health plan to persons eligible for an employer group health plan, if the individual health plan is a high deductible health plan for use in connection with an existing health savings account, in compliance with the Internal Revenue Code, section 223. In that situation, the same or a different health carrier may offer, issue, sell, or renew a group health plan to cover the other eligible employees in the group.

(k) A health carrier may offer, sell, issue, or renew an individual health plan to one or more employees of a small employer if the individual health plan is marketed directly to all employees of the small employer and the small employer does not contribute directly or indirectly to the premiums or facilitate the administration of the individual health plan. The requirement to market an individual health plan to all employees does not require the health carrier to offer or issue an individual health plan to any employee. For purposes of this paragraph, an employer is not contributing to the premiums or facilitating the administration of the individual health plan if the employer does not contribute to the premium and merely collects the premiums from an employee's wages or salary through payroll deductions and submits payment for the premiums of one or more employees in a lump sum to the health carrier. Except for coverage under section 62A.65, subdivision 5, paragraph (b), or 62E.16, at the request of an employee, the health carrier may bill the employer for the premiums payable by the employee, provided that the employer is not liable for payment except from payroll deductions for that purpose. If an employer is submitting payments under this paragraph, the health carrier shall provide a cancellation notice directly to the primary insured at least ten days prior to termination of coverage for nonpayment of premium. Individual coverage under this paragraph may be offered only if the small employer has not provided coverage under section 62L.03 to the employees within the past 12 months.

The employer must provide a written and signed statement to the health carrier that the employer is not contributing directly or indirectly to the employee's premiums. The health carrier may rely on the employer's statement and is not required to guarantee-issue individual health plans to the employer's other current or future employees.
Sec. 6. [256.962] MINNESOTA HEALTH CARE PROGRAMS OUTREACH.

Subdivision 1. Public awareness and education. The commissioner shall design and implement a statewide campaign to raise public awareness on the availability of health coverage through medical assistance, general assistance medical care, and MinnesotaCare and to educate the public on the importance of obtaining and maintaining health care coverage. The campaign shall include multimedia messages directed to the general population.

Subd. 2. Outreach grants. (a) The commissioner shall award grants to public and private organizations or regional collaboratives for outreach activities, including, but not limited to:

(1) providing information, applications, and assistance in obtaining coverage through Minnesota public health care programs;

(2) collaborating with public and private entities such as hospitals, providers, health plans, legal aid offices, pharmacies, insurance agencies, and faith-based organizations to develop outreach activities and partnerships to ensure the distribution of information and applications and provide assistance in obtaining coverage through Minnesota health care programs; and

(3) providing or collaborating with public and private entities to provide multilingual and culturally specific information and assistance to applicants in areas of high uninsurance in the state or populations with high rates of uninsurance.

(b) The commissioner shall ensure that all outreach materials are available in languages other than English.

(c) The commissioner shall establish an outreach trainer program to provide training to designated individuals from the community and public and private entities on application assistance in order for these individuals to provide training to others in the community on an as-needed basis.

Subd. 3. Application and assistance. (a) The Minnesota health care programs application must be made available at provider offices, local human services agencies, school districts, public and private elementary schools in which 25 percent or more of the students receive free or reduced price lunches, community health offices, Women, Infants and Children (WIC) program sites, Head Start program sites, public housing councils, child care centers, early childhood education and preschool program sites, legal aid offices, and libraries. The commissioner shall ensure that applications are available in languages other than English.

(b) Local human service agencies, hospitals, and health care community clinics receiving state funds must provide direct assistance in completing the application form, including the free use of a copy machine and a drop box for applications. These locations must ensure that the drop box is checked at least weekly and any applications are submitted to the commissioner. The commissioner shall provide these entities with an identification number to stamp on each application to identify the entity that provided assistance. Other locations where applications are required to be available shall either provide direct assistance in completing the application form or provide information on where an applicant can receive application assistance.

(c) Counties must offer applications and application assistance when providing child support collection services.

(d) Local public health agencies and counties that provide immunization clinics must offer applications and application assistance during these clinics.
(e) The commissioner shall coordinate with the commissioner of health to ensure that maternal and child health outreach efforts include information on Minnesota health care programs and application assistance, when needed.

Subd. 4. Statewide toll-free telephone number. The commissioner shall provide funds for a statewide toll-free telephone number to provide information on public and private health coverage options and sources of free and low-cost health care. The statewide telephone number must provide the option of obtaining this information in languages other than English.

Subd. 5. Incentive program. The commissioner shall establish an incentive program for organizations that directly identify and assist potential enrollees in filling out and submitting an application. For each applicant who is successfully enrolled in MinnesotaCare, medical assistance, or general assistance medical care, the commissioner shall pay the organization a $25 application assistance bonus. The organization may provide an applicant a gift certificate or other incentive upon enrollment.

Subd. 6. School districts. (a) At the beginning of each school year, a school district shall provide information to each student on the availability of health care coverage through the Minnesota health care programs.

(b) For each child who is determined to be eligible for a free or reduced priced lunch, the district shall provide the child's family with an application for the Minnesota health care programs and information on how to obtain application assistance.

(c) A district shall also ensure that applications and information on application assistance are available at early childhood education sites and public schools located within the district’s jurisdiction.

(d) Each district shall designate an enrollment specialist to provide application assistance and follow-up services with families who are eligible for the reduced or free lunch program or who have indicated an interest in receiving information or an application for the Minnesota health care program.

(e) Each school district shall provide on their Web site a link to information on how to obtain an application and application assistance.

Subd. 7. Renewal notice. (a) The commissioner shall mail a renewal notice to enrollees notifying the enrollees that the enrollees eligibility must be renewed. A notice shall be sent at least 90 days prior to the renewal date and at least 60 days prior to the renewal date.

(b) For enrollees who are receiving services through managed care plans, the managed care plan must provide a follow-up renewal call at least 60 days prior to the enrollees' renewal dates.

(c) The commissioner shall include the end of coverage dates on the monthly rosters of enrollees provided to managed care organizations.

Sec. 7. Minnesota Statutes 2006, section 256B.057, subdivision 8, is amended to read:

Subd. 8. Children under age two. Medical assistance may be paid for a child under two years of age whose countable family income is above 275 percent of the federal poverty guidelines for the same size family but less than or equal to 305 percent of the federal poverty guidelines for the same size family.

EFFECTIVE DATE. This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.
Sec. 8. Minnesota Statutes 2006, section 256L.02, subdivision 3, is amended to read:

Subd. 3. Financial management. (a) The commissioner shall manage spending for the MinnesotaCare program in a manner that maintains a minimum reserve. As part of each state revenue and expenditure forecast, the commissioner must make an assessment of the expected expenditures for the covered services for the remainder of the current biennium and for the following biennium. The estimated expenditure, including the reserve, shall be compared to an estimate of the revenues that will be available in the health care access fund. Based on this comparison, and after consulting with the chairs of the house Ways and Means Committee and the senate Finance Committee, and the Legislative Commission on Health Care Access, the commissioner shall, as necessary, make the adjustments specified in paragraph (b) to ensure that expenditures remain within the limits of available revenues for the remainder of the current biennium and for the following biennium. The commissioner shall not hire additional staff using appropriations from the health care access fund until the commissioner of finance makes a determination that the adjustments implemented under paragraph (b) are sufficient to allow MinnesotaCare expenditures to remain within the limits of available revenues for the remainder of the current biennium and for the following biennium.

(b) The adjustments the commissioner shall use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days' notice, stop coverage of single adults and households without children already enrolled in the MinnesotaCare program; third, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the MinnesotaCare program. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner shall further limit enrollment or decrease premium subsidies.

(c) The commissioner shall work in cooperation with the Minnesota Health Insurance Exchange under section 62A.67 to make adjustments under paragraph (b) as required under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 9. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

Subd. 5. Enrollment responsibilities. According to section 256L.05, subdivision 6, effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 shall assume responsibility for enrolling eligible applicants and enrollees in a health plan for MinnesotaCare coverage. The commissioner shall maintain responsibility for determining eligibility for MinnesotaCare.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 10. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

Subd. 6. Exchange of data. An entity that is part of the welfare system as defined in section 13.46, subdivision 1, paragraph (c), and the Minnesota Health Insurance Exchange under section 62A.67 may exchange private data about individuals without the individual's consent in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L, and to administer the individual's and the individual's family's participation in the program. This subdivision only applies if the entity that is part of the welfare system and the Minnesota Health Insurance Exchange have entered into an agreement that complies with the requirements in Code of Federal Regulations, title 45, section 164.314.
Sec. 11. Minnesota Statutes 2006, section 256L.04, subdivision 1, is amended to read:

Subdivision 1. **Families with children.** (a) A child in a family with family income equal to or less than 300 percent of the federal poverty guidelines for the applicable family size is eligible for MinnesotaCare under this section. Adults in families with children with family income equal to or less than 275 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, shall apply unless otherwise specified.

(b) Parents who enroll in the MinnesotaCare program must also enroll their children, if the children are eligible. Children may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. If one spouse in a household enrolls, the other spouse in the household must also enroll, unless other insurance is available. Families cannot choose to enroll only certain uninsured members.

(c) Beginning October 1, 2003, the dependent sibling definition no longer applies to the MinnesotaCare program. These persons are no longer counted in the parental household and may apply as a separate household.

(d) Beginning July 1, 2003, or upon federal approval, whichever is later, parents are not eligible for MinnesotaCare if their gross income exceeds $50,000.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 12. Minnesota Statutes 2006, section 256L.05, subdivision 5, is amended to read:

Subd. 5. **Availability of private insurance.** (a) The commissioner, in consultation with the commissioners of health and commerce, shall provide information regarding the availability of private health insurance coverage and the possibility of disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), to all: (1) families enrolled in the MinnesotaCare program whose gross family income is equal to or more than 225 percent of the federal poverty guidelines; and (2) single adults and households without children enrolled in the MinnesotaCare program whose gross family income is equal to or more than 165 percent of the federal poverty guidelines. This information must be provided Minnesota Health Insurance Exchange under section 62A.67 upon initial enrollment and annually thereafter. The commissioner shall also include information regarding the availability of private health insurance coverage in

(b) The notice of ineligibility provided to persons subject to disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), must include information about assistance with identifying and selecting private health insurance coverage provided by the Minnesota Health Insurance Exchange under section 62A.67.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 13. Minnesota Statutes 2006, section 256L.05, is amended by adding a subdivision to read:

Subd. 6. **Minnesota Health Insurance Exchange.** The commissioner shall refer all MinnesotaCare applicants and enrollees to the Minnesota Health Insurance Exchange under section 62A.67. The Minnesota Health Insurance Exchange shall provide those referred with assistance in selecting a managed care plan through which to receive
MinnesotaCare covered services and in analyzing health plans available through the private market. MinnesotaCare applicants and enrollees shall effect enrollment in a managed care plan or a private market health plan through the Minnesota Health Insurance Exchange.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 14. Minnesota Statutes 2006, section 256L.06, subdivision 3, is amended to read:

Subd. 3. **Commissioner's duties and payment.** (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments at the time of eligibility renewal, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.

(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month for which the premium was due. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll until four calendar months have elapsed. Persons disenrolled for nonpayment who pay all past due premiums as well as current premiums due, including premiums due for the period of disenrollment, within 20 days of disenrollment, shall be reenrolled retroactively to the first day of disenrollment. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll for four calendar months unless the person demonstrates good cause for nonpayment. Good cause does not exist if a person chooses to pay other family expenses instead of the premium. The commissioner shall define good cause in rule.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 15. [256L.075] **MINNESOTACARE II OPTION ESTABLISHED.**

Subdivision 1. **Program established; enrollment.** The Minnesota Health Insurance Exchange under section 62A.67, in consultation with the commissioner, shall establish and administer a program that subsidizes the purchase of private market health plans for children eligible for MinnesotaCare in families with family income above 200 percent, but not exceeding 300 percent, of the federal poverty guidelines. The program established under this section is referred to as MinnesotaCare II. The private market health coverage provided under this section is an alternative to coverage under section 256L.03. Notwithstanding section 256L.12, children obtaining coverage under this section shall enroll in a health plan, as defined in section 62A.011, subdivision 3, through the individual market, that covers, at a minimum, the standard benefit set established in subdivision 2. Enrollment under this section is administered by the Minnesota Health Insurance Exchange. Eligibility under this section is determined by the commissioner. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, apply to this section unless otherwise specified.
Subd. 2. **Benefit set.** The Minnesota Health Insurance Exchange, in consultation with the commissioner, shall establish a standard benefit set for health plans that qualify for a subsidy under this section. The standard benefit set must be reviewed, and, if necessary, modified on an annual basis. Notwithstanding section 256L.03, subdivision 5, the benefit set may require co-payments, deductibles, and maximum annual out-of-pocket enrollee cost-sharing limits.

Subd. 3. **Health carrier participation.** (a) Health insurers with at least three percent of the market share of premium volume from individual market health plans as determined from loss ratio reports filed under section 62A.021, subdivision 1, paragraph (h), shall offer at least one health plan that covers the standard benefit set, or its actuarial equivalent as determined by the commissioner of commerce, to children enrolled under this section. Health insurers shall offer a health plan that covers the standard benefit set, without a subsidy, to adults so that families can enroll in a single plan. Health insurers that are not required to participate may participate voluntarily. The Minnesota Health Insurance Exchange shall certify those health plans that meet the standards in subdivision 2 and qualify for a subsidy under this section.

(b) Health insurers offering coverage under this section may offer up to three additional health plan products approved by the commissioner of commerce as actuarially equivalent or better than the standard plan established in subdivision 2. The additional products must also qualify for a subsidy if purchased to cover children eligible under this section.

(c) Nothing in this subdivision requires guaranteed issue of MinnesotaCare II health plans.

Subd. 4. **State subsidy; premium.** The cost of coverage for children enrolled under this section is subsidized based on a sliding scale. The amount of the subsidy provided for a child is equal to the cost of the least expensive health plan certified to participate under this section less an amount equal to one-half of the premium that would be paid for the child under section 256L.15, subdivision 2. The commissioner shall pay the subsidy to the Minnesota Health Insurance Exchange. The premium for a child enrolled under this section is equal to the difference between the cost of the health plan through which the coverage is provided and the amount of the subsidy. The premium must be paid to the Minnesota Health Insurance Exchange.

Subd. 5. **Enrollment; limitation on changing plans.** Notwithstanding section 256L.04, subdivision 1, individual children in a family may enroll under this section or under section 256L.03. A child enrolled under this section may change health plans or switch to coverage under section 256L.03 at the time of annual renewal. An enrollee may change health plans or switch to coverage under section 256L.03 at other times during the year if the family of the child experiences a qualifying life event, including, but not limited to, marriage, divorce, a change in dependent status, change in family size, or a change in eligibility for state health care programs under this chapter or chapter 256B or 256D.

Subd. 6. **Bonus accounts incentive.** The Minnesota Health Insurance Exchange shall administer bonus accounts for families with children enrolled under this section. Funds must be credited to a bonus account when a child covered under this section achieves specific goals for preventive services or healthy behaviors. Funds credited to an account can be used by a family to reimburse qualified medical expenses as defined in Internal Revenue Code, section 213(d). The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish a schedule of preventive service and healthy behavior goals that qualify for a credit and corresponding credit amounts. Families with children enrolled under this section can qualify for credits of up to $50 per year per child, up to a maximum of $150 per year per family. Funds held in the account are available to a family until:

(1) there is no longer a child under age 21 in the family; or

(2) no child in the family has been enrolled under chapter 256B or 256L, or in a health plan through the Minnesota Health Insurance Exchange for the past six months.
Subd. 7. **Federal approval.** The commissioner shall seek all federal waivers and approvals necessary to implement and receive federal financial participation for expenditures under this section.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 16. Minnesota Statutes 2006, section 256L.12, subdivision 7, is amended to read:

Subd. 7. **Managed care plan vendor requirements.** The following requirements apply to all counties or vendors who contract with the Department of Human Services to serve MinnesotaCare recipients. Managed care plan contractors:

1. shall authorize and arrange for the provision of the full range of services listed in section 256L.03 in order to ensure appropriate health care is delivered to enrollees;

2. shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;

3. may contract with other health care and social service practitioners to provide services to enrollees;

4. shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;

5. shall retain all revenue from enrollee co-payments;

6. shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

7. shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity, beyond that which is required to comply with chapters 62C and 62D; and

8. shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services; and

9. shall participate in the Minnesota Health Insurance Exchange under section 62A.67 for the purpose of enrolling individuals under this chapter.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 17. Minnesota Statutes 2006, section 256L.15, subdivision 1a, is amended to read:

Subd. 1a. **Payment options.** (a) The commissioner may offer the following payment options to an enrollee:

1. payment by check;

2. payment by credit card;

3. payment by recurring automatic checking withdrawal;
(4) payment by onetime electronic transfer of funds;

(5) payment by wage withholding with the consent of the employer and the employee; or

(6) payment by using state tax refund payments.

At application or reapplication, a MinnesotaCare applicant or enrollee may authorize the commissioner to use the Revenue Recapture Act in chapter 270A to collect funds from the applicant's or enrollee's refund for the purposes of meeting all or part of the applicant's or enrollee's MinnesotaCare premium obligation. The applicant or enrollee may authorize the commissioner to apply for the state working family tax credit on behalf of the applicant or enrollee. The setoff due under this subdivision shall not be subject to the $10 fee under section 270A.07, subdivision 1.

(b) Effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 is responsible for collecting MinnesotaCare premiums.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 18. Minnesota Statutes 2006, section 256L.15, subdivision 2, is amended to read:

Subd. 2. Sliding fee scale; monthly gross individual or family income. (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly gross individual or family income. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. The sliding fee scale begins with a premium of 1.5 percent of monthly gross individual or family income for individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. Effective October 1, 2003, the commissioner shall increase each percentage by 0.5 percentage points for enrollees with income greater than 100 percent but not exceeding 200 percent of the federal poverty guidelines and shall increase each percentage by 1.0 percentage points for families and children with incomes greater than 200 percent of the federal poverty guidelines. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports an increased change in income after enrollment, premiums shall not be adjusted at the time the change in income is reported until eligibility renewal.

(b) Beginning January 1, 2009, a new sliding fee scale premium schedule is established for children. The premium schedule for children must be used in conjunction with the premium schedule in paragraph (a) for adults to calculate a single MinnesotaCare premium for a family. The sliding fee scale begins with a premium of $11 per child for households with incomes equal to or greater than 150 percent of the federal poverty guidelines. Premiums must be adjusted at evenly spaced income steps at increments of five percent of the federal poverty guidelines to a maximum premium of $88 per child for households with incomes equal to 300 percent of the federal poverty guidelines. Premiums must be calculated for up to three children per family. Premiums for children must be adjusted annually at an amount that is proportional to the annual adjustment in premiums for adults. The sliding fee scale in this paragraph does not apply to children enrolled under section 256L.075.

(b) (c) Children in families whose gross income is above 275 percent of the federal poverty guidelines shall pay the maximum premium. The maximum premium is defined as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare cases paid the maximum premium, the total revenue would equal the total cost
of MinnesotaCare medical coverage and administration. In this calculation, administrative costs shall be assumed to equal ten percent of the total. The costs of medical coverage for pregnant women and children under age two and the enrollees in these groups shall be excluded from the total. The maximum premium for two enrollees shall be twice the maximum premium for one, and the maximum premium for three or more enrollees shall be three times the maximum premium for one.

(c) After calculating the percentage of premium each enrollee shall pay under paragraph (a), eight percent shall be added to the premium.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained. Paragraph (c) is effective July 1, 2007.

Sec. 19. Minnesota Statutes 2006, section 256L.15, is amended by adding a subdivision to read:

Subd. 5. Premium discount incentive. Adults and families with children are eligible for a premium reduction of $3 per month for each child who met goals for preventive care or an adult who met goals for cardiac or diabetes care in the previous calendar year. The maximum premium reduction may not exceed $15 per month per family. The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish specific goals for preventive care, including cardiac and diabetes care, that make an enrollee eligible for the premium reduction. The premium discount incentive is administered by the Minnesota Health Insurance Exchange under section 62A.67. Children enrolled under section 256L.075 are not eligible for the premium discount incentive.

EFFECTIVE DATE. This section is effective January 1, 2009."

Page 478, line 9, delete "$6,416,000" and insert "$15,071,000"

Page 478, line 10, delete "$5,643,000" and insert "$22,326,000"

Renumber the sections in sequence and correct the internal references

Amend the title in sequence and correct the internal references

Adjust the fund totals accordingly

A roll call was requested and properly seconded.

The question was taken on the Gottwalt amendment and the roll was called. There were 45 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Those who voted in the negative were:

- Anzelc
- Atkins
- Benson
- Bigham
- Bly
- Brown
- Brynaert
- Bunn
- Clark
- Dittrich
- Dominguez
- Doty
- Eken
- Erhardt
- Fritz
- Fritz
- Gardner
- Greiling
- Haws
- Hilstrom
- Hornstein
- Hortman
- Hosch
- Huntley
- Jaros
- Johnson
- Juhnke
- Kahns
- Kail
- Knuth
- Lenzczewski
- Liebling
- Lieder
- Lillie
- Lofefler
- Madore
- Mahoney
- Mariani
- Marquart
- Masin
- Meo
- Morgan
- Morrow
- Mullery
- Murphy, E.
- Murphy, M.
- Nelson
- Norton
- Olin
- Ottemba
- Paymar
- Pelowski
- Peterson, A.
- Peterson, S.
- Poppe
- Rukavina
- Ruud
- Sailer
- Scalze
- Sertich
- Simon
- Solberg
- Swails
- Thissen
- Tillberry
- Tingelstad
- Tschumper
- Wagenius
- Walker
- Ward
- Welti
- Winkler
- Wollschlager
- Spk. Kelliher

The motion did not prevail and the amendment was not adopted.

Lesch was excused between the hours of 4:20 p.m. and 4:55 p.m.

Fritz, Urdahl, Otremba and Ward moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

- Page 228, line 4, delete the new language and reinstate the stricken language
- Page 236, line 10, delete “three” and insert “two” and delete “2011” and insert “2010”
- Page 236, line 11, delete “2012” and insert “2011”
- Page 244, delete section 94 and insert:

"Sec. 94. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 56. Rate increase; phase-in of rebased operating payment rates. (a) Effective October 1, 2009, operating payment rates of all nursing facilities shall be increased to be equal, for a RUG's rate with a weight of 1.00, to the median rate for the same RUG's weight of all nursing facilities in subdivision 31, paragraph 1. The percentage of the operating payment rate for each facility to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted in that facility's September 30, 2009, operating payment rate. This paragraph shall apply only if it results in a rate increase.

(b) For the rate years beginning October 1, 2009 and October 1, 2010, the operating cost payment rate calculated under this section shall be phased in by blending them with the operating cost payment rate determined under section 256B.434. For the rate year beginning October 1, 2009, the operating cost payment rate for each facility shall be 42 percent of the operating cost payment rate from this section, and 58 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2010, the operating cost payment rate for each facility shall be the operating cost payment rate determined under this section. The blending of operating cost payment rates under this subdivision shall be performed separately for each RUG's class.
(c) All funds received under this subdivision that are in excess of operating cost payment rates that a facility would have received under section 256B.434 shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h).”

Page 265, after line 26, insert:

“Sec. 122. RECOMMENDATIONS FOR PAYMENT OF NURSING FACILITIES.

The commissioner of human services shall provide recommendations to the legislature by February 15, 2008, on changes to the nursing facility payment system for specialized care, setting property payment rates and proper treatment of bed closure incentives.”

Renumber the sections in sequence and correct the internal references
Amend the title accordingly
Adjust the fund totals accordingly

A roll call was requested and properly seconded.

Doty and Eken moved to amend the Fritz et al amendment to S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 2, after line 16 of the Fritz et al amendment, insert:

"Page 265, after line 26, insert:

"Sec. 122. RATE ADJUSTMENTS FOR FINANCIALLY STRESSED FACILITIES.

The commissioner of human services may negotiate operations payment rate adjustments with nursing facilities in danger of financial failure. The commissioner shall publish a request for proposals by September 30, 2007. Facilities may apply to the commissioner to negotiate for funding under this provision based on submittal of the following information:

(1) financial statements demonstrating financial losses and low net worth;

(2) statement of support from county agency;

(3) demonstrated potential for access problems for services if the facility closed;

(4) cost per bed required to preserve the nursing facilities ability to operate until October 1, 2009.”"

Page 488, line 11, delete "$40,000,000" and insert "$38,000,000"

Page 488, line 27, delete "$40,000,000" and insert "$38,000,000"

Page 503, after line 12, insert:
"Of this amount, $2,000,000 for the biennium beginning July 1, 2007, is for nursing facility rate adjustment assistance grants for the commissioner of human services to provide rate adjustment to nursing facilities in a financial danger of closing. This is a onetime appropriation and shall not be come part of the agency base."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 88 yeas and 42 nays as follows:

Those who voted in the affirmative were:

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<tr>
<th>Atkins</th>
<th>Erhardt</th>
<th>Hosch</th>
<th>Lillie</th>
<th>Pelowski</th>
<th>Sviggum</th>
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<td>Davnie</td>
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<td>Dill</td>
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<td>Kranz</td>
<td>Murphy, M.</td>
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<td>Dittrich</td>
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<td>Dominguez</td>
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<td>Doty</td>
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<td>Eken</td>
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Those who voted in the negative were:

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<tr>
<th>Abeler</th>
<th>Bunn</th>
<th>Erickson</th>
<th>Kohls</th>
<th>Nelson</th>
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<td>Anderson, B.</td>
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<td>Finstad</td>
<td>Lanning</td>
<td>Nornes</td>
<td>Simpson</td>
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<td>Anderson, S.</td>
<td>DeLaForest</td>
<td>Garofalo</td>
<td>Magnus</td>
<td>Olson</td>
<td>Smith</td>
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<td>Anzelc</td>
<td>Demmer</td>
<td>Gottwald</td>
<td>McFarlane</td>
<td>Paulsen</td>
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<td>Berns</td>
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<td>Holberg</td>
<td>Morgan</td>
<td>Ruth</td>
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<tr>
<td>Buesgens</td>
<td>Emmer</td>
<td>Hoppe</td>
<td>Murphy, E.</td>
<td>Seifert</td>
<td>Zellers</td>
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The motion prevailed and the amendment to the amendment was adopted.

Brod, Urdahl and Heidgerken moved to amend the Fritz et al amendment, as amended, to S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 2, delete lines 7 to 9 and insert:
"(c) A portion of the funds received under this subdivision that are in excess of operating cost payment rates that a facility would have received under section 256B.434, as determined in accordance with clauses (1) to (3), shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h).

(1) Determine the amount of additional funding available to a facility, which shall be equal to total medical assistance resident days from the most recent reporting year times the difference between the blended rate determined in paragraph (b) for the rate year being computed and the blended rate for the prior year.

(2) Determine the portion of all operating costs, for the most recent reporting year, that are compensation related. If this value exceeds 75 percent, use 75 percent.

(3) Subtract the amount determined in clause (2) from 75 percent.

(4) The portion of the fund received under this subdivision that shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h), shall equal the amount determined in clause (1) times the amount determined in clause (3)."

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 43 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Anderson, B.  DeLaForest  Gottwalt  Kohls  Peppin  Urdahl
Anderson, S.  Demmer  Gunther  Lanning  Ruth  Westrom
Beard  Dettmer  Hackbarth  Magnus  Seifert  Zellers
Berns  Eastlund  Hamilton  McFarlane  Severson
Brod  Emmer  Heidgerken  McNamara  Shimanski
Buesgens  Erickson  Holberg  Normes  Simpson
Cornish  Finstad  Hoppe  Olson  Smith
Dean  Garofalo  Howes  Paulsen  Svidgum

Those who voted in the negative were:

Abeler  Eken  Jaros  Mahoney  Pelowski  Thao
Anzelc  Erhardt  Johnson  Mariani  Peterson, A.  Thissen
Atkins  Faust  Juhnke  Marquart  Peterson, N.  Tillberry
Benson  Fritz  Kahn  Masin  Peterson, S.  Tingelstad
Bigham  Gardner  Kain  Moe  Poppe  Tschumper
Bly  Greiling  Knuth  Morgan  Rukavina  Wagenius
Brown  Hansen  Koenen  Morrow  Ruud  Walker
Brynaert  Hausman  Kranz  Mullery  Sailer  Ward
Bunn  Haws  Laine  Murphy, E.  Scalze  Welti
Clark  Hilstrom  Lenczewski  Murphy, M.  Sertich  Winkler
Davnie  Hilty  Liebling  Nelson  Simon  Wollschlager
Dill  Hornstein  Lieder  Norton  Slawik  Spk. Kelliher
Dittrich  Hortman  Lilie  Olin  Slocum
Dominguez  Hosch  Loeffler  Otrema  Solberg
Doty  Huntley  Madore  Paymar  Swails

The motion did not prevail and the amendment to the amendment, as amended, was not adopted.
The question recurred on the Fritz et al amendment, as amended, and the roll was called. There were 118 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Abeler  Dominguez  Hornstein  Loeffler  Paulsen  Smith  
Anderson, B.  Doty  Hortman  Madore  Paymar  Solberg  
Anzelc  Eastlund  Hosch  Magnus  Pelowski  Sviggum  
Atkins  Eken  Howes  Mahoney  Peterson, A.  Swails  
Beard  Emmer  Huntley  Mariani  Peterson, N.  Thao  
Benson  Erhardt  Jaros  Marquart  Peterson, S.  Thissen  
Bigham  Faust  Johnson  Masin  Poppe  Tillberry  
Bly  Finstad  Juhnke  McFarlane  Rukavina  Tingelstad  
Brod  Fritz  Kahn  McNamara  Ruth  Tschumper  
Brown  Gardner  Kalin  Moe  Ruud  Urdahl  
Brynaert  Gottwald  Knuth  Morgan  Sailer  Wagenius  
Bunn  Greiling  Koenen  Morrow  Scalze  Walker  
Clark  Gunther  Kranz  Mullery  Seifert  Ward  
Cornish  Hamilton  Laine  Murphy, E.  Sertich  Welti  
Davnie  Hansen  Lanning  Murphy, M.  Severson  Westrom  
Dean  Hausman  Lenczewski  Nelson  Shimanski  Winkler  
Demmer  Haws  Lesch  Nornes  Simon  Wollschlager  
Dettmer  Heidgerken  Liebling  Norton  Simpson  Spk. Kelliher  
Dill  Hilstrom  Lieder  Olin  Slavik  
Dittrich  Hilty  Lillie  Otremba  Slocum

Those who voted in the negative were:

Anderson, S.  Buesgens  Garofalo  Holberg  Kohls  Peppin  
Berns  DeLaForest  Hackbarth  Hoppe  Olson  Zellers

The motion prevailed and the amendment, as amended, was adopted.

The Speaker called Hausman to the Chair.

Brod, Finstad, Peppin and Dean moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 376, delete Article 8, and insert:

"ARTICLE 8

HEALTHY CONNECTIONS; MINNESOTACARE TAX

Section 1. Minnesota Statutes 2006, section 13.46, subdivision 2, is amended to read:

Subd. 2. General. (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;"
(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual’s identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; evaluate the effectiveness of programs; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Education, and the Department of Employment and Economic Development for the purpose of monitoring the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the Minnesota family investment program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;
(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;
(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions; or

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education; or

(30) pursuant to section 256L.02, subdivision 6, between the welfare system and the Minnesota Health Insurance Exchange, under section 62A.67, in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L and to administer the individual’s and their families’ participation in the program.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).
(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 2. [62A.67] MINNESOTA HEALTH INSURANCE EXCHANGE.

Subdivision 1. Title; citation. This section may be cited as the "Minnesota Health Insurance Exchange."

Subd. 2. Creation; tax exemption. The Minnesota Health Insurance Exchange is created for the limited purpose of providing individuals with greater access, choice, portability, and affordability of health insurance products. The Minnesota Health Insurance Exchange is a not-for-profit corporation under chapter 317A and section 501(c) of the Internal Revenue Code.

Subd. 3. Definitions. The following terms have the meanings given them unless otherwise provided in text.

(a) "Board" means the board of directors of the Minnesota Health Insurance Exchange under subdivision 13.

(b) "Commissioner" means:

(1) the commissioner of commerce for health insurers subject to the jurisdiction of the Department of Commerce;

(2) the commissioner of health for health insurers subject to the jurisdiction of the Department of Health; or

(3) either commissioner's designated representative.

(c) "Exchange" means the Minnesota Health Insurance Exchange.

(d) "HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

(e) "Individual market health plans," unless otherwise specified, means individual market health plans defined in section 62A.011 and MinnesotaCare II products as defined in chapter 256L.

(f) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.

Subd. 4. Insurer and health plan participation. All health plans as defined in section 62A.011, subdivision 3, issued or renewed in the individual market shall participate in the exchange. No health plans in the individual market may be issued or renewed outside of the exchange. Group health plans as defined in section 62A.10 shall not be offered through the exchange. Health plans offered through the Minnesota Comprehensive Health Association as defined in section 62E.10 are offered through the exchange to eligible enrollees as determined by the Minnesota Comprehensive Health Association. Health plans offered through MinnesotaCare and MinnesotaCare II under chapter 256L are offered through the exchange to eligible enrollees as determined by the commissioner of human services.

Subd. 5. Approval of health plans. No health plan may be offered through the exchange unless the commissioner has first certified that:

(1) the insurer seeking to offer the health plan is licensed to issue health insurance in the state; and
(2) the health plan meets the requirements of this section, and the health plan and the insurer are in compliance with all other applicable health insurance laws.

Subd. 6. **Individual market health plans.** Individual market health plans offered through the exchange continue to be regulated by the commissioner as specified in chapters 62A, 62C, 62D, 62E, 62Q, and 72A, and must include the following provisions that apply to all health plans issued or renewed through the exchange:

(1) premiums for children under the age of 19 shall not vary by age in the exchange; and

(2) premiums for children under the age of 19 must be excluded from rating factors requirements under section 62A.65, subdivision 3, paragraph (b).

Subd. 7. **MinnesotaCare II health plans.** Health plans approved for MinnesotaCare II under section 256L.075 shall be offered by participating insurers to exchange participants not enrolled in MinnesotaCare II.

Subd. 8. **Individual participation and eligibility.** Individuals are eligible to purchase health plans directly through the exchange or through an employer Section 125 Plan under section 62A.68. Nothing in this section requires guaranteed issue of individual market health plans offered through the exchange. Individuals are eligible to purchase individual market health plans through the exchange by meeting one or more of the following qualifications:

(1) the individual is a Minnesota resident, meaning the individual is physically residing on a permanent basis in a place that is the person's principal residence and from which the person is absent only for temporary purposes;

(2) the individual is a student attending an institution outside of Minnesota and maintains Minnesota residency;

(3) the individual is not a Minnesota resident but is employed by an employer physically located within the state and the individual’s employer does not offer a group health insurance plan as defined in section 62A.10, but does offer a Section 125 Plan through the exchange under section 62A.68;

(4) the individual is not a Minnesota resident but is self-employed and the individual’s principal place of business is in the state; or

(5) the individual is a dependent as defined in section 62L.02, of another individual who is eligible to participate in the exchange.

Subd. 9. **Continuation of coverage.** Enrollment in a health plan may be canceled for nonpayment of premiums, fraud, or changes in eligibility for MinnesotaCare under chapter 256L. Enrollment in an individual market health plan may not be canceled or renewed because of any change in employer or employment status, marital status, health status, age, residence, or any other change that does not affect eligibility as defined in this section.

Subd. 10. **Responsibilities of the exchange.** The exchange shall serve as the sole entity for enrollment and collection and transfer of premium payments for health plans offered through the exchange. The exchange shall be responsible for the following functions:

(1) publicize the exchange, including but not limited to its functions, eligibility rules, and enrollment procedures;

(2) provide assistance to employers to set up an employer Section 125 Plan under section 62A.68;

(3) create a system to allow individuals to compare and enroll in health plans offered through the exchange;
(4) create a system to collect and transmit to the applicable plans all premium payments or contributions made by or on behalf of individuals, including developing mechanisms to receive and process automatic payroll deductions for individuals enrolled in employer Section 125 Plans;

(5) refer individuals interested in MinnesotaCare or MinnesotaCare II under chapter 256L to the Department of Human Services to determine eligibility;

(6) establish a mechanism with the Department of Human Services to transfer premiums and subsidies for MinnesotaCare and MinnesotaCare II to qualify for federal matching payments;

(7) administer bonus accounts as defined in chapter 256L to reimburse MinnesotaCare II enrollees for qualified medical expenses under section 213(d) of the Internal Revenue Code;

(8) collect and assess information for eligibility for bonus accounts and premium incentives under chapter 256L;

(9) upon request, issue certificates of previous coverage according to the provisions of HIPAA and as referenced in section 62Q.181 to all such individuals who cease to be covered by a participating health plan through the exchange:

(10) establish procedures to account for all funds received and disbursed by the exchange for individual participants of the exchange; and

(11) make available to the public, at the end of each calendar year, a report of an independent audit of the exchange’s accounts.

Subd. 11. Powers of the exchange. The exchange shall have the power to:

(1) contract with insurance producers licensed in accident and health insurance under chapter 60K and vendors to perform one or more of the functions specified in subdivision 10;

(2) contract with employers to act as the plan administrator for participating employer Section 125 Plans and to undertake the obligations required by federal law of a plan administrator;

(3) establish and assess fees on health plan premiums of health plans purchased through the exchange to fund the cost of administering the exchange;

(4) seek and directly receive grant funding from government agencies or private philanthropic organizations to defray the costs of operating the exchange;

(5) establish and administer rules and procedures governing the operations of the exchange;

(6) establish one or more service centers within Minnesota;

(7) sue or be sued or otherwise take any necessary or proper legal action;

(8) establish bank accounts and borrow money; and

(9) enter into agreements with the commissioners of commerce, health, human services, revenue, employment and economic development, and other state agencies as necessary for the exchange to implement the provisions of this section.
Subd. 12. **Dispute resolution.** The exchange shall establish procedures for resolving disputes with respect to the eligibility of an individual to participate in the exchange. The exchange does not have the authority or responsibility to intervene in or resolve disputes between an individual and a health plan or health insurer. The exchange shall refer complaints from individuals participating in the exchange to the commissioner of human services to be resolved according to sections 62Q.68 to 62Q.73.

Subd. 13. **Governance.** The exchange shall be governed by a board of directors with 11 members. The board shall convene on or before July 1, 2007, after the initial board members have been selected. The initial board membership consists of the following:

1. the commissioner of commerce;
2. the commissioner of human services;
3. the commissioner of health;
4. four members appointed by a joint committee of the Minnesota senate and the Minnesota house of representatives to serve three-year terms; and
5. four members appointed by the governor to serve three-year terms.

Subd. 14. **Subsequent board membership.** Ongoing membership of the exchange consists of the following effective July 1, 2010:

1. the commissioner of commerce;
2. the commissioner of human services;
3. the commissioner of health;
4. four members appointed by the governor with the approval of a joint committee of the senate and house of representatives to serve two- or three-year terms. Appointed members may serve more than one term; and
5. four members elected by the membership of the exchange of which two are elected to serve a two-year term and two are elected to serve a three-year term. Elected members may serve more than one term.

Subd. 15. **Operations of the board.** Officers of the board of directors are elected by members of the board and serve one-year terms. Six members of the board constitutes a quorum, and the affirmative vote of six members of the board is necessary and sufficient for any action taken by the board. Board members serve without pay, but are reimbursed for actual expenses incurred in the performance of their duties.

Subd. 16. **Operations of the exchange.** The board of directors shall appoint an exchange director who shall:

1. be a full-time employee of the exchange;
2. administer all of the activities and contracts of the exchange; and
3. hire and supervise the staff of the exchange.
Subd. 17. **Insurance producers.** When a producer licensed in accident and health insurance under chapter 60K enrolls an eligible individual in the exchange, the health plan chosen by an individual may pay the producer a commission.

Subd. 18. **Implementation.** Health plan coverage through the exchange begins on January 1, 2009. The exchange must be operational to assist employers and individuals by September 1, 2008, and be prepared for enrollment by December 1, 2008. Enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association as of December 2, 2008, are automatically enrolled in the exchange on January 1, 2009, in the same health plan and at the same premium that they were enrolled as of December 2, 2008, subject to the provisions of this section. As of January 1, 2009, all enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association shall make premium payments to the exchange.

Subd. 19. **Study of insurer issue requirements.** In consultation with the commissioners of commerce and health, the exchange shall study and make recommendations on rating requirements and risk adjustment mechanisms that could be implemented to facilitate increased enrollment in the exchange by employers and employees through employer Section 125 Plans. The exchange shall report study findings and recommendations to the chairs of house and senate committees having jurisdiction over commerce and health by January 15, 2011.

Sec. 3. **[62A.68] SECTION 125 PLANS.**

Subdivision 1. **Definitions.** The following terms have the meanings given unless otherwise provided in text:

(a) "Current employee" means an employee currently on an employer's payroll other than a retiree or disabled former employee.

(b) "Employer" means a person, firm, corporation, partnership, association, business trust, or other entity employing one or more persons, including a political subdivision of the state, filing payroll tax information on such employed person or persons.

(c) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.

(d) "Exchange" means the Minnesota Health Insurance Exchange under section 62A.67.

(e) "Exchange director" means the appointed director under section 62A.67, subdivision 16.

Subd. 2. **Section 125 Plan requirement.** Effective January 1, 2009, all employers with 11 or more current employees shall offer a Section 125 Plan through the exchange to allow their employees to pay for health insurance premiums with pretax dollars. The following employers are exempt from the Section 125 Plan requirement:

(1) employers that offer a group health insurance plan as defined in 62A.10;

(2) employers that offer group health insurance through a self-insured plan as defined in section 62E.02; and

(3) employers with fewer than 11 current employees, except that employers under this clause may voluntarily offer a Section 125 Plan.

Subd. 3. **Tracking compliance.** By July 1, 2008, the exchange, in consultation with the commissioners of commerce, health, employment and economic development, and revenue shall establish a method for tracking employer compliance with the Section 125 Plan requirement.
Subd. 4. **Employer requirements.** Employers that are required to offer or choose to offer a Section 125 Plan through the exchange shall enter into an annual binding agreement with the exchange, which includes the terms in paragraphs (a) to (h).

(a) The employer shall designate the exchange director to be the plan's administrator for the employer's plan and the exchange director agrees to undertake the obligations required of a plan administrator under federal law.

(b) Only the coverage and benefits offered by participating insurers in the exchange constitutes the coverage and benefits of the participating employer plan.

(c) Any individual eligible to participate in the exchange may elect coverage under any participating health plan for which they are eligible, and neither the employer nor the exchange shall limit choice of coverage from among all the participating insurance plans for which the individual is eligible.

(d) The employer shall deduct premium amounts on a pretax basis in an amount not to exceed an employee's wages and make payments to the exchange as directed by employees for health plans employees enroll in through the exchange.

(e) The employer shall not offer individuals eligible to participate in the exchange any separate or competing group health plan under section 62A.10.

(f) The employer reserves the right to determine the terms and amounts of the employer's contribution to the plan, if any.

(g) The employer shall make available to the exchange any of the employer's documents, records, or information, including copies of the employer’s federal and state tax and wage reports that are necessary for the exchange to verify:

1. that the employer is in compliance with the terms of its agreement with the exchange governing the participating employer plan;

2. that the participating employer plan is in compliance with applicable state and federal laws, including those relating to nondiscrimination in coverage; and

3. the eligibility of those individuals enrolled in the participating employer plan.

(h) The exchange shall not provide the participating employer plan with any additional or different services or benefits not otherwise provided or offered to all other participating employer plans.

Subd. 5. **Section 125 eligible health plans.** Individuals eligible to enroll in health plans through an employer Section 125 Plan through the exchange may enroll in any health plan offered through the exchange for which the individual is eligible including individual market health plans, MinnesotaCare and MinnesotaCare II, and the Minnesota Comprehensive Health Association.

Sec. 4. Minnesota Statutes 2006, section 62E.141, is amended to read:

**62E.141 INCLUSION IN EMPLOYER-SPONSORED PLAN.**

No employee of an employer that offers a group health plan, under which the employee is eligible for coverage, is eligible to enroll, or continue to be enrolled, in the comprehensive health association, except for enrollment or continued enrollment necessary to cover conditions that are subject to an unexpired preexisting condition limitation,
preexisting condition exclusion, or exclusionary rider under the employer's health plan. This section does not apply to persons enrolled in the Comprehensive Health Association as of June 30, 1993. With respect to persons eligible to enroll in the health plan of an employer that has more than 29 current employees, as defined in section 62L.02, this section does not apply to persons enrolled in the Comprehensive Health Association as of December 31, 1994.

Sec. 5. Minnesota Statutes 2006, section 62L.12, subdivision 2, is amended to read:

Subd. 2. Exceptions. (a) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage under section 62D.104 as a result of leaving a health maintenance organization's service area.

(b) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage as a result of the expiration of any continuation of group coverage required under sections 62A.146, 62A.17, 62A.21, 62C.142, 62D.101, and 62D.105.

(c) A health carrier may sell, issue, or renew conversion policies under section 62E.16 to eligible employees.

(d) A health carrier may sell, issue, or renew individual continuation policies to eligible employees as required.

(e) A health carrier may sell, issue, or renew individual health plans if the coverage is appropriate due to an unexpired preexisting condition limitation or exclusion applicable to the person under the employer's group health plan or due to the person's need for health care services not covered under the employer's group health plan.

(f) A health carrier may sell, issue, or renew an individual health plan, if the individual has elected to buy the individual health plan not as part of a general plan to substitute individual health plans for a group health plan nor as a result of any violation of subdivision 3 or 4.

(g) Nothing in this subdivision relieves a health carrier of any obligation to provide continuation or conversion coverage otherwise required under federal or state law.

(h) Nothing in this chapter restricts the offer, sale, issuance, or renewal of coverage issued as a supplement to Medicare under sections 62A.3099 to 62A.44, or policies or contracts that supplement Medicare issued by health maintenance organizations, or those contracts governed by sections 1833, 1851 to 1859, 1860D, or 1876 of the federal Social Security Act, United States Code, title 42, section 1395 et seq., as amended.

(i) Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans necessary to comply with a court order.

(j) A health carrier may offer, issue, sell, or renew an individual health plan to persons eligible for an employer group health plan, if the individual health plan is a high deductible health plan for use in connection with an existing health savings account, in compliance with the Internal Revenue Code, section 223. In that situation, the same or a different health carrier may offer, issue, sell, or renew a group health plan to cover the other eligible employees in the group.

(k) A health carrier may offer, sell, issue, or renew an individual health plan to one or more employees of a small employer if the individual health plan is marketed directly to all employees of the small employer and the small employer does not contribute directly or indirectly to the premiums or facilitate the administration of the individual health plan. The requirement to market an individual health plan to all employees does not require the health carrier to offer or issue an individual health plan to any employee. For purposes of this paragraph, an employer is not contributing to the premiums or facilitating the administration of the individual health plan if the employer does not contribute to the premium and merely collects the premiums from an employee's wages or salary through payroll
deductions and submits payment for the premiums of one or more employees in a lump sum to the health carrier. Except for coverage under section 62A.65, subdivision 5, paragraph (b), or 62E.16, at the request of an employee, the health carrier may bill the employer for the premiums payable by the employee, provided that the employer is not liable for payment except from payroll deductions for that purpose. If an employer is submitting payments under this paragraph, the health carrier shall provide a cancellation notice directly to the primary insured at least ten days prior to termination of coverage for nonpayment of premium. Individual coverage under this paragraph may be offered only if the small employer has not provided coverage under section 62L.03 to the employees within the past 12 months.

The employer must provide a written and signed statement to the health carrier that the employer is not contributing directly or indirectly to the employee’s premiums. The health carrier may rely on the employer’s statement and is not required to guarantee-issue individual health plans to the employer’s other current or future employees.

(l) Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans through the Minnesota Health Insurance Exchange under section 62A.67 or 62A.68.

Sec. 6. [256.962] MINNESOTA HEALTH CARE PROGRAMS OUTREACH.

Subdivision 1. Public awareness and education. The commissioner shall design and implement a statewide campaign to raise public awareness on the availability of health coverage through medical assistance, general assistance medical care, and MinnesotaCare and to educate the public on the importance of obtaining and maintaining health care coverage. The campaign shall include multimedia messages directed to the general population.

Subd. 2. Outreach grants. (a) The commissioner shall award grants to public and private organizations or regional collaboratives for outreach activities, including, but not limited to:

1. providing information, applications, and assistance in obtaining coverage through Minnesota public health care programs;

2. collaborating with public and private entities such as hospitals, providers, health plans, legal aid offices, pharmacies, insurance agencies, and faith-based organizations to develop outreach activities and partnerships to ensure the distribution of information and applications and provide assistance in obtaining coverage through Minnesota health care programs; and

3. providing or collaborating with public and private entities to provide multilingual and culturally specific information and assistance to applicants in areas of high uninsurance in the state or populations with high rates of uninsurance.

(b) The commissioner shall ensure that all outreach materials are available in languages other than English.

(c) The commissioner shall establish an outreach trainer program to provide training to designated individuals from the community and public and private entities on application assistance in order for these individuals to provide training to others in the community on an as-needed basis.

Subd. 3. Application and assistance. (a) The Minnesota health care programs application must be made available at provider offices, local human services agencies, school districts, public and private elementary schools in which 25 percent or more of the students receive free or reduced price lunches, community health offices,
Women, Infants and Children (WIC) program sites, Head Start program sites, public housing councils, child care centers, early childhood education and preschool program sites, legal aid offices, and libraries. The commissioner shall ensure that applications are available in languages other than English.

(b) Local human service agencies, hospitals, and health care community clinics receiving state funds must provide direct assistance in completing the application form, including the free use of a copy machine and a drop box for applications. These locations must ensure that the drop box is checked at least weekly and any applications are submitted to the commissioner. The commissioner shall provide these entities with an identification number to stamp on each application to identify the entity that provided assistance. Other locations where applications are required to be available shall either provide direct assistance in completing the application form or provide information on where an applicant can receive application assistance.

(c) Counties must offer applications and application assistance when providing child support collection services.

(d) Local public health agencies and counties that provide immunization clinics must offer applications and application assistance during these clinics.

(e) The commissioner shall coordinate with the commissioner of health to ensure that maternal and child health outreach efforts include information on Minnesota health care programs and application assistance, when needed.

Subd. 4. **Statewide toll-free telephone number.** The commissioner shall provide funds for a statewide toll-free telephone number to provide information on public and private health coverage options and sources of free and low-cost health care. The statewide telephone number must provide the option of obtaining this information in languages other than English.

Subd. 5. **Incentive program.** The commissioner shall establish an incentive program for organizations that directly identify and assist potential enrollees in filling out and submitting an application. For each applicant who is successfully enrolled in MinnesotaCare, medical assistance, or general assistance medical care, the commissioner shall pay the organization a $25 application assistance bonus. The organization may provide an applicant a gift certificate or other incentive upon enrollment.

Subd. 6. **School districts.** (a) At the beginning of each school year, a school district shall provide information to each student on the availability of health care coverage through the Minnesota health care programs.

(b) For each child who is determined to be eligible for a free or reduced priced lunch, the district shall provide the child’s family with an application for the Minnesota health care programs and information on how to obtain application assistance.

(c) A district shall also ensure that applications and information on application assistance are available at early childhood education sites and public schools located within the district’s jurisdiction.

(d) Each district shall designate an enrollment specialist to provide application assistance and follow-up services with families who are eligible for the reduced or free lunch program or who have indicated an interest in receiving information or an application for the Minnesota health care program.

(e) Each school district shall provide on their Web site a link to information on how to obtain an application and application assistance.

Subd. 7. **Renewal notice.** (a) The commissioner shall mail a renewal notice to enrollees notifying the enrollees that the enrollees eligibility must be renewed. A notice shall be sent at least 90 days prior to the renewal date and at least 60 days prior to the renewal date.
(b) For enrollees who are receiving services through managed care plans, the managed care plan must provide a follow-up renewal call at least 60 days prior to the enrollees’ renewal dates.

(c) The commissioner shall include the end of coverage dates on the monthly rosters of enrollees provided to managed care organizations.

Sec. 7. Minnesota Statutes 2006, section 256B.057, subdivision 8, is amended to read:

Subd. 8. Children under age two. Medical assistance may be paid for a child under two years of age whose countable family income is above 275 percent of the federal poverty guidelines for the same size family but less than or equal to 305 percent of the federal poverty guidelines for the same size family.

EFFECTIVE DATE. This section is effective January 1, 2009, or upon federal approval, whichever is later.

The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 8. Minnesota Statutes 2006, section 256L.02, subdivision 3, is amended to read:

Subd. 3. Financial management. (a) The commissioner shall manage spending for the MinnesotaCare program in a manner that maintains a minimum reserve. As part of each state revenue and expenditure forecast, the commissioner must make an assessment of the expected expenditures for the covered services for the remainder of the current biennium and for the following biennium. The estimated expenditure, including the reserve, shall be compared to an estimate of the revenues that will be available in the health care access fund. Based on this comparison, and after consulting with the chairs of the house Ways and Means Committee and the senate Finance Committee, and the Legislative Commission on Health Care Access, the commissioner shall, as necessary, make the adjustments specified in paragraph (b) to ensure that expenditures remain within the limits of available revenues for the remainder of the current biennium and for the following biennium. The commissioner shall not hire additional staff using appropriations from the health care access fund until the commissioner of finance makes a determination that the adjustments implemented under paragraph (b) are sufficient to allow MinnesotaCare expenditures to remain within the limits of available revenues for the remainder of the current biennium and for the following biennium.

(b) The adjustments the commissioner shall use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days’ notice, stop coverage of single adults and households without children already enrolled in the MinnesotaCare program; third, upon 90 days’ notice, decrease the premium subsidy amounts by ten percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days’ notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the MinnesotaCare program. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner shall further limit enrollment or decrease premium subsidies.

(c) The commissioner shall work in cooperation with the Minnesota Health Insurance Exchange under section 62A.67 to make adjustments under paragraph (b) as required under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 9. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

Subd. 5. Enrollment responsibilities. According to section 256L.05, subdivision 6, effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 shall assume responsibility for enrolling eligible applicants and enrollees in a health plan for MinnesotaCare coverage. The commissioner shall maintain responsibility for determining eligibility for MinnesotaCare.

EFFECTIVE DATE. This section is effective January 1, 2009.
Sec. 10. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

Subd. 6. Exchange of data. An entity that is part of the welfare system as defined in section 13.46, subdivision 1, paragraph (c), and the Minnesota Health Insurance Exchange under section 62A.67 may exchange private data about individuals without the individual's consent in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L and to administer the individual's and the individual's family's participation in the program. This subdivision only applies if the entity that is part of the welfare system and the Minnesota Health Insurance Exchange have entered into an agreement that complies with the requirements in Code of Federal Regulations, title 45, section 164.314.

Sec. 11. Minnesota Statutes 2006, section 256L.04, subdivision 1, is amended to read:

Subdivision 1. Families with children. (a) A child in a family with family income equal to or less than 300 percent of the federal poverty guidelines for the applicable family size is eligible for MinnesotaCare under this section. Adults in families with children with family income equal to or less than 275 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, shall apply unless otherwise specified.

(b) Parents who enroll in the MinnesotaCare program must also enroll their children, if the children are eligible. Children may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. If one spouse in a household enrolls, the other spouse in the household must also enroll, unless other insurance is available. Families cannot choose to enroll only certain uninsured members.

(c) Beginning October 1, 2003, the dependent sibling definition no longer applies to the MinnesotaCare program. These persons are no longer counted in the parental household and may apply as a separate household.

(d) Beginning July 1, 2003, or upon federal approval, whichever is later, parents are not eligible for MinnesotaCare if their gross income exceeds $50,000.

EFFECTIVE DATE. This section is effective January 1, 2009, or upon federal approval, whichever is later.

The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 12. Minnesota Statutes 2006, section 256L.05, subdivision 5, is amended to read:

Subd. 5. Availability of private insurance. (a) The commissioner, in consultation with the commissioners of health and commerce, shall provide information regarding the availability of private health insurance coverage and the possibility of disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), to all: (1) families enrolled in the MinnesotaCare program whose gross family income is equal to or more than 225 percent of the federal poverty guidelines; and (2) single adults and households without children enrolled in the MinnesotaCare program whose gross family income is equal to or more than 165 percent of the federal poverty guidelines. This information must be provided Minnesota Health Insurance Exchange under section 62A.67 upon initial enrollment and annually thereafter. The commissioner shall also include information regarding the availability of private health insurance coverage in

(b) The notice of ineligibility provided to persons subject to disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), must include information about assistance with identifying and selecting private health insurance coverage provided by the Minnesota Health Insurance Exchange under section 62A.67.

EFFECTIVE DATE. This section is effective January 1, 2009.
Sec. 13. Minnesota Statutes 2006, section 256L.05, is amended by adding a subdivision to read:

Subd. 6. Minnesota Health Insurance Exchange. The commissioner shall refer all MinnesotaCare applicants and enrollees to the Minnesota Health Insurance Exchange under section 62A.67. The Minnesota Health Insurance Exchange shall provide those referred with assistance in selecting a managed care plan through which to receive MinnesotaCare covered services and in analyzing health plans available through the private market. MinnesotaCare applicants and enrollees shall effect enrollment in a managed care plan or a private market health plan through the Minnesota Health Insurance Exchange.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 14. Minnesota Statutes 2006, section 256L.06, subdivision 3, is amended to read:

Subd. 3. Commissioner’s duties and payment. (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments at the time of eligibility renewal, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier’s check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.

(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month for which the premium was due. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll until four calendar months have elapsed. Persons disenrolled for nonpayment who pay all past due premiums as well as current premiums due, including premiums due for the period of disenrollment, within 20 days of disenrollment, shall be reenrolled retroactively to the first day of disenrollment. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll for four calendar months unless the person demonstrates good cause for nonpayment. Good cause does not exist if a person chooses to pay other family expenses instead of the premium. The commissioner shall define good cause in rule.

EFFECTIVE DATE. This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 15. [256L.075] MINNESOTACARE II OPTION ESTABLISHED.

Subdivision 1. Program established; enrollment. The Minnesota Health Insurance Exchange under section 62A.67, in consultation with the commissioner, shall establish and administer a program that subsidizes the purchase of private market health plans for children eligible for MinnesotaCare in families with family income above 200 percent, but not exceeding 300 percent, of the federal poverty guidelines. The program established under this section is referred to as MinnesotaCare II. The private market health coverage provided under this section is an alternative to coverage under section 256L.03. Notwithstanding section 256L.12, children obtaining coverage under
this section shall enroll in a health plan, as defined in section 62A.011, subdivision 3, through the individual market, that covers, at a minimum, the standard benefit set established in subdivision 2. Enrollment under this section is administered by the Minnesota Health Insurance Exchange. Eligibility under this section is determined by the commissioner. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, apply to this section unless otherwise specified.

**Subd. 2. Benefit set.** The Minnesota Health Insurance Exchange, in consultation with the commissioner, shall establish a standard benefit set for health plans that qualify for a subsidy under this section. The standard benefit set must be reviewed, and, if necessary, modified on an annual basis. Notwithstanding section 256L.03, subdivision 5, the benefit set may require co-payments, deductibles, and maximum annual out-of-pocket enrollee cost-sharing limits.

**Subd. 3. Health carrier participation.** (a) Health insurers with at least three percent of the market share of premium volume from individual market health plans as determined from loss ratio reports filed under section 62A.021, subdivision 1, paragraph (h), shall offer at least one health plan that covers the standard benefit set, or its actuarial equivalent as determined by the commissioner of commerce, to children enrolled under this section. Health issuers shall offer a health plan that covers the standard benefit set, without a subsidy, to adults so that families can enroll in a single plan. Health insurers that are not required to participate may participate voluntarily. The Minnesota Health Insurance Exchange shall certify those health plans that meet the standards in subdivision 2 and qualify for a subsidy under this section.

(b) Health insurers offering coverage under this section may offer up to three additional health plan products approved by the commissioner of commerce as actuarially equivalent or better than the standard plan established in subdivision 2. The additional products must also qualify for a subsidy if purchased to cover children eligible under this section.

(c) Nothing in this subdivision requires guaranteed issue of MinnesotaCare II health plans.

**Subd. 4. State subsidy; premium.** The cost of coverage for children enrolled under this section is subsidized based on a sliding scale. The amount of the subsidy provided for a child is equal to the cost of the least expensive health plan certified to participate under this section less an amount equal to one-half of the premium that would be paid for the child under section 256L.15, subdivision 2. The commissioner shall pay the subsidy to the Minnesota Health Insurance Exchange. The premium for a child enrolled under this section is equal to the difference between the cost of the health plan through which the coverage is provided and the amount of the subsidy. The premium must be paid to the Minnesota Health Insurance Exchange.

**Subd. 5. Enrollment; limitation on changing plans.** Notwithstanding section 256L.04, subdivision 1, individual children in a family may enroll under this section or under section 256L.03. A child enrolled under this section may change health plans or switch to coverage under section 256L.03 at the time of annual renewal. An enrollee may change health plans or switch to coverage under section 256L.03 at other times during the year if the family of the child experiences a qualifying life event, including, but not limited to, marriage, divorce, a change in dependent status, change in family size, or a change in eligibility for state health care programs under this chapter or chapter 256B or 256D.

**Subd. 6. Bonus accounts incentive.** The Minnesota Health Insurance Exchange shall administer bonus accounts for families with children enrolled under this section. Funds must be credited to a bonus account when a child covered under this section achieves specific goals for preventive services or healthy behaviors. Funds credited to an account can be used by a family to reimburse qualified medical expenses as defined in Internal Revenue Code, section 213(d). The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish a schedule of preventive service and healthy behavior goals that qualify for a credit and corresponding credit amounts. Families with children enrolled under this section can qualify for credits of up to $50 per year per child, up to a maximum of $150 per year per family. Funds held in the account are available to a family until:
(1) there is no longer a child under age 21 in the family; or

(2) no child in the family has been enrolled under chapter 256B or 256L, or in a health plan through the Minnesota Health Insurance Exchange for the past six months.

Subd. 7. Federal approval. The commissioner shall seek all federal waivers and approvals necessary to implement and receive federal financial participation for expenditures under this section.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 16. Minnesota Statutes 2006, section 256L.12, subdivision 7, is amended to read:

Subd. 7. Managed care plan vendor requirements. The following requirements apply to all counties or vendors who contract with the Department of Human Services to serve MinnesotaCare recipients. Managed care plan contractors:

(1) shall authorize and arrange for the provision of the full range of services listed in section 256L.03 in order to ensure appropriate health care is delivered to enrollees;

(2) shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees;

(4) shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;

(5) shall retain all revenue from enrollee co-payments;

(6) shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

(7) shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity, beyond that which is required to comply with chapters 62C and 62D; and

(8) shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services; and

(9) shall participate in the Minnesota Health Insurance Exchange under section 62A.67 for the purpose of enrolling individuals under this chapter.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 17. Minnesota Statutes 2006, section 256L.15, subdivision 1a, is amended to read:

Subd. 1a. Payment options. (a) The commissioner may offer the following payment options to an enrollee:

(1) payment by check;
(2) payment by credit card;
(3) payment by recurring automatic checking withdrawal;
(4) payment by onetime electronic transfer of funds;
(5) payment by wage withholding with the consent of the employer and the employee; or
(6) payment by using state tax refund payments.

At application or reapplication, a MinnesotaCare applicant or enrollee may authorize the commissioner to use the Revenue Recapture Act in chapter 270A to collect funds from the applicant's or enrollee's refund for the purposes of meeting all or part of the applicant's or enrollee's MinnesotaCare premium obligation. The applicant or enrollee may authorize the commissioner to apply for the state working family tax credit on behalf of the applicant or enrollee. The setoff due under this subdivision shall not be subject to the $10 fee under section 270A.07, subdivision 1.

(b) Effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 is responsible for collecting MinnesotaCare premiums.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 18. Minnesota Statutes 2006, section 256L.15, subdivision 2, is amended to read:

Subd. 2. Sliding fee scale; monthly gross individual or family income. (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly gross individual or family income. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. The sliding fee scale begins with a premium of 1.5 percent of monthly gross individual or family income for individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. Effective October 1, 2003, the commissioner shall increase each percentage by 0.5 percentage points for enrollees with income greater than 100 percent but not exceeding 200 percent of the federal poverty guidelines and shall increase each percentage by 1.0 percentage points for families and children with incomes greater than 200 percent of the federal poverty guidelines. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports increased income after enrollment, premiums shall not be adjusted at the time the change in income is reported until eligibility renewal.

(b) Beginning January 1, 2009, a new sliding fee scale premium schedule is established for children. The premium schedule for children must be used in conjunction with the premium schedule in paragraph (a) for adults to calculate a single MinnesotaCare premium for a family. The sliding fee scale begins with a premium of $11 per child for households with incomes equal to or greater than 150 percent of the federal poverty guidelines. Premiums must be adjusted at evenly spaced income steps at increments of five percent of the federal poverty guidelines to a maximum premium of $88 per child for households with incomes equal to 300 percent of the federal poverty guidelines. Premiums must be calculated for up to three children per family. Premiums for children must be adjusted annually at an amount that is proportional to the annual adjustment in premiums for adults. The sliding fee scale in this paragraph does not apply to children enrolled under section 256L.075.
(b) (c) Children in families whose gross income is above 275 percent of the federal poverty guidelines shall pay the maximum premium. The maximum premium is defined as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare cases paid the maximum premium, the total revenue would equal the total cost of MinnesotaCare medical coverage and administration. In this calculation, administrative costs shall be assumed to equal ten percent of the total. The costs of medical coverage for pregnant women and children under age two and the enrollees in these groups shall be excluded from the total. The maximum premium for two enrollees shall be twice the maximum premium for one, and the maximum premium for three or more enrollees shall be three times the maximum premium for one.

(c) After calculating the percentage of premium each enrollee shall pay under paragraph (a), eight percent shall be added to the premium.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained. Paragraph (c) is effective July 1, 2007.

Sec. 19. Minnesota Statutes 2006, section 256L.15, is amended by adding a subdivision to read:

Subd. 5. **Premium discount incentive.** Adults and families with children are eligible for a premium reduction of $3 per month for each child who met goals for preventive care or an adult who met goals for cardiac or diabetes care in the previous calendar year. The maximum premium reduction may not exceed $15 per month per family. The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish specific goals for preventive care, including cardiac and diabetes care, that make an enrollee eligible for the premium reduction. The premium discount incentive is administered by the Minnesota Health Insurance Exchange under section 62A.67. Children enrolled under section 256L.075 are not eligible for the premium discount incentive.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 20. Minnesota Statutes 2006, section 295.52, is amended by adding a subdivision to read:

Subd. 8. **Contingent reduction in tax rate.** On September 1 of each odd-numbered year, beginning September 1, 2007, the commissioner of finance shall determine the projected balance of the health care access fund as of the end of the current biennium, based on the most recent February forecast adjusted for any legislative session changes. If the commissioner of finance projects a surplus in the health care access fund as of the end of the current biennium, the commissioner of finance, in consultation with the commissioner, shall reduce the tax rates specified in subdivisions 1, 1a, 2, 3, and 4 in one-tenth of one percent increments, making the largest reduction in tax rates consistent with ensuring that the health care access fund retains a surplus as of the end of the current biennium. The reduced tax rates take effect on the January 1 that immediately follows the September 1 on which the commissioner of finance determines the projected balance and remain in effect for two tax years. The tax rates specified in subdivisions 1, 1a, 2, 3, and 4 apply for subsequent tax years, unless the commissioner, based on a determination of the projected balance of the health care access fund made on September 1 of an odd-numbered year, reduces the tax rates. If the commissioner of finance does not project a surplus in the health care access fund as of the end of the current biennium, the tax rates specified in subdivisions 1, 1a, 2, 3, and 4 continue to apply. The commissioner of finance shall publish in the State Register by October 1 of each odd-numbered year the amount of tax to be imposed for the next two calendar years.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.
The question was taken on the Brod et al amendment and the roll was called. There were 47 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Abeler        Dean        Finstad        Hoppe        Olson        Simpson
Anderson, B.  DeLaForest  Garofalo       Howes        Paulsen      Smith
Anderson, S.  Demmer      Gottwalt       Kohls        Peppin       Svigum
Beard         Dettmer      Gunther        Lanning      Peterson, N.  Tingelstad
Berns         Eastlund     Hackbarth      Magnus       Ruth         Urdahl
Brod          Emmer       Hamilton       McFarlane     Seifert      Westrom
Buesgens      Erhardt      Heidgerken     McNamara     Severson     Zellers
Cornish       Erickson     Holberg        Nornes       Shimanski

Those who voted in the negative were:

Anzelc        Eken        Jaros         Loeffler      Olin         Slocum
Atkins        Faust       Johnson       Madore       Otremba      Solberg
Benson        Fritz       Juhnke        Mahoney      Paymar       Swails
Bigham        Gardner     Kahn          Mariani      Pelowski     Thao
Bly           Greiling    Kain          Marquart     Peterson, A.  Thiessen
Brown         Hansen      Knuth         Masin        Peterson, S.  Tillberry
Brynaert      Hausman     Koenen        Mooi         Poppe        Tschumper
Bunn          Haws        Kranz         Morgan       Rukavina     Wagenius
Clark         Hilstrom    Laine         Morrow       Ruud         Walker
Davnie        Hilty       Lenczewski    Mullery      Sailer       Ward
Dill          Hornstein   Lesch          Murphy, E.  Scalze       Welti
Dittrich       Hortman     Liebling      Murphy, M.  Sertich      Winkler
Dominguez    Hosch       Lieder        Nelson       Simon        Wollschlager
Doty          Huntley     Lillie         Norton       Slawik       Spk. Kelliher

The motion did not prevail and the amendment was not adopted.

CALL OF THE HOUSE

On the motion of Hoppe and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler        Clark        Erickson      Finstad      Hilstrom      Koenen        Marquart
Anderson, B.  Cornish      Faust         Finski       Holberg       Kohls         Masin
Anderson, S.  Davnie       Dean          Fritz        Hoppe         Kranz         McNamara
Anzelc        DeLaForest   Garder        Gottwalt     Howes         Lanning       Morgan
Atkins        Demmer       Garofalo      Hortman     Liebling     Murphy, E.  Nelson
Beard         Dettmer      Gottwald      Howes        Johnson      Loeffler      Norton
Bensen        Dill          Greiling      Huntley     Lieder        Moe
Bersns        Dittrich    Dominguez    Hackbarth   Jaros         Nornes
Bigham        Doty          DeLaForest   Hansen      Juhnke        Olin
Bly           Eastlund     Brown        Hausman     Kalin         Magnus       Olson
Brynaert      Eken         Brynaert     Haws        Kain          Mahoney      Orlieba
Buesgens      Emmer        Buesgens     Heidgerken  Knuth        Mariani      Paulsen
Bunn          Erhardt      Bunn         Heidgerken  Knuth
Seifert moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The Speaker resumed the Chair.

Finstad; Kohls; Shimanski; Demmer; Nornes; Anderson, B.; Ruth; Peppin; Gottwalt; Hackbarth; Cornish; Erhardt; Erickson; Brod; Gunther; Beard; Sviggum; Peterson, N.; Seifert; McNamara; Wardlow; Simpson; Lanning; Eastlund; Tingelstad; Severson; Magnus; Paulsen; Dettmer; Westrom; Emmer; McFarlane and Berns moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 35, delete section 29 and insert:

"Sec. 29. Minnesota Statutes 2006, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

(a) Until October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5. Families receiving assistance under this section must comply with all applicable requirements in this chapter.

(b) Beginning October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state's maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.

(c) Beginning October 1, 2007, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a household that meets criteria in clauses (1) to (4) as expenditures under a separately funded state program:

(1) single eligible caregiver households when the adult is a refugee or asylee as defined in Code of Federal Regulations, title 45, chapter IV, section 400.43, and the refugee or asylee arrived in the United States in the 12 months prior to the date of application for MFIP. These households will remain in the separately funded state program for six months or until the caregiver has been in the United States for 12 months, whichever comes first;
(2) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 2;

(3) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 3; and

(4) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 4, clause (3).

(d) Beginning March 1, 2008, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a single eligible caregiver household that meets the criteria in section 256J.32, subdivision 6, clause (6), as expenditures under a separately funded state program. A household is no longer part of the separately funded program if the household no longer meets the criteria in section 256J.32, subdivision 6, clause (6), item (iv), or if it is determined at recertification that:

(1) a single eligible caregiver with a child under the age of six is working at least 87 hours per month in paid or unpaid employment; or

(2) a single eligible caregiver without a child under the age of six is working at least 130 hours per month in paid or unpaid employment.

(e) The expenditures in paragraphs (b) to (d) do not count toward the state's MOE requirements under the federal TANF program.”

Page 36, delete section 30 and insert:

“Sec. 30. Minnesota Statutes 2006, section 256J.09, subdivision 3b, is amended to read:

Subd. 3b. Interview to determine referrals and services. If the applicant is not diverted from applying for MFIP, and if the applicant meets the MFIP eligibility requirements, then a county agency must:

(1) identify an applicant who is under the age of 20 without a high school diploma or its equivalent and explain to the applicant the assessment procedures and employment plan requirements under section 256J.54;

(2) explain to the applicant the eligibility criteria in section 256J.545 for the family violence waiver, and what an applicant should do to develop an employment plan;

(3) explain that the activities and hourly requirements of the employment plan may be adjusted to accommodate the personal and family circumstances of applicants who meet the criteria in section 256J.561, subdivision 2, paragraph (d), and explain how a person should report to the county agency any status changes, and explain that an applicant who is not required to participate in employment services under section 256J.561 may volunteer to participate in employment and training services;

(4) for applicants who are not exempt from the requirement to attend orientation, arrange for an orientation under section 256J.45 and an assessment under section 256J.521;

(5) inform an applicant who is not exempt from the requirement to attend orientation that failure to attend the orientation is considered an occurrence of noncompliance with program requirements and will result in an imposition of a sanction under section 256J.46; and

(6) explain how to contact the county agency if an applicant has questions about compliance with program requirements.”
(7) explain that before MFIP benefits can be issued to a family unit, the caregiver shall, in conjunction with a job
counselor, develop and sign an employment plan. In two-parent family units, both parents shall develop and sign
employment plans before benefits can be issued. Food support and health care benefits are not contingent on the
requirement for a signed employment plan; and

(8) if child care is needed, the county agency shall obtain a completed application for child care from the
applicant before the interview is terminated. The same day the application for child care is received, the application
must be forwarded to the appropriate child care worker.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 31. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

**Subd. 11. Employment plan; MFIP benefits.** As soon as possible, but no later than ten working days after
being notified that a participant is financially eligible for the MFIP program, the employment services provider shall
provide the participant with an opportunity to meet to develop an initial employment plan. Once the initial
employment plan has been developed and signed by the participant and the job counselor, the employment services
provider shall notify the county within one working day that the employment plan has been signed. The county
shall issue MFIP benefits within one working day after receiving notice that the employment plan has been signed.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 32. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

**Subd. 12. Immediate referral to employment services.** Within one working day of determination that the
applicant is eligible for the MFIP program, but before benefits are issued to or on behalf of the family unit, the
county shall refer all caregivers to employment services. The referral to employment services must be in writing
and must contain the following information:

(1) notification that, as part of the application process, applicants are required to develop an employment plan or
the MFIP application will be denied;

(2) the employment services provider name and phone number;

(3) the immediate availability of supportive services including, but not limited to, child care, transportation, and
other work-related aid; and

(4) the rights, responsibilities, and obligations of participants in the program including, but not limited to, the
grounds for good cause, the consequences of refusing or failing to participate fully with program requirements, and
the appeal process.

**EFFECTIVE DATE.** This section is effective July 1, 2008.”

Pages 36 to 40, delete section 31

Page 40, delete section 32 and insert:

"Sec. 32. Minnesota Statutes 2006, section 256J.32, subdivision 6, is amended to read:

**Subd. 6. Recertification.** The county agency shall recertify eligibility in an annual face-to-face interview with
the participant and verify the following:
(1) presence of the minor child in the home, if questionable;
(2) income, unless excluded, including self-employment expenses used as a deduction or deposits or withdrawals from business accounts;
(3) assets when the value is within $200 of the asset limit;
(4) information to establish an exception under section 256J.24, subdivision 9, if questionable; and
(5) inconsistent information, if related to eligibility;

(6) beginning March 1, 2008, whether a single eligible caregiver household meets requirements in items (i) to (iv) for inclusion in a separately funded state program under section 256J.021, paragraph (d):

(i) the assistance unit has used 24 or more months of MFIP assistance at recertification under this section;
(ii) the caregiver is not employed;
(iii) the caregiver is not meeting participation requirements under section 256J.55, subdivision 1, paragraph (d), clauses (1) and (2); and
(iv) the caregiver meets at least one of the following criteria:

(A) a qualified professional has determined the caregiver is unable to obtain or retain employment due to an illness, injury, or incapacity that is expected to last at least 60 days;
(B) a qualified professional has certified that the caregiver is required in the home to provide care for a family member, a relative in the household, or a foster child with an illness, injury, or incapacity that is expected to continue more than 60 days;
(C) a qualified professional has determined that the caregiver is needed in the home to care for a child or adult meeting the special medical criteria in section 256J.561, subdivision 2, paragraph (d), clause (3);
(D) a qualified professional has determined that the caregiver is pregnant and unable to obtain or retain employment for at least 60 days due to the pregnancy;
(E) the caregiver has a documented disability and has applied for supplemental security income or Social Security disability insurance and a determination is pending; and
(F) the caregiver qualifies for a family violence waiver under section 256J.545."

Page 41, after line 4, insert:

"Sec. 34. Minnesota Statutes 2006, section 256J.42, subdivision 6, is amended to read:

Subd. 6. Case review. (a) Within 180 days, but not less than 60 days, before the end of the participant's 60th month on assistance, the county agency or job counselor must review the participant's case to determine if the employment plan is still appropriate or if the participant is exempt under section 256J.56 from the employment and training services component, and attempt to meet with the participant face-to-face. Beginning March 1, 2008, for single caregiver households included in the separately funded nonmaintenance of effort state program under section 256J.021, paragraph (c), clauses (2) to (4), the purpose of the case review is to confirm criteria under section 256J.32, subdivision 6, clause (6)."
(b) During the face-to-face meeting, a county agency or the job counselor must:

(1) inform the participant how many months of counted assistance the participant has accrued and when the participant is expected to reach the 60th month;

(2) explain the hardship extension criteria under section 256J.425 and what the participant should do if the participant thinks a hardship extension applies;

(3) identify other resources that may be available to the participant to meet the needs of the family; and

(4) inform the participant of the right to appeal the case closure under section 256J.40.

(c) If a face-to-face meeting is not possible, the county agency must send the participant a notice of adverse action as provided in section 256J.31, subdivisions 4 and 5.

(d) Before a participant's case is closed under this section, the county must ensure that:

(1) the case has been reviewed by the job counselor's supervisor or the review team designated by the county to determine if the criteria for a hardship extension, if requested, were applied appropriately; and

(2) the county agency or the job counselor attempted to meet with the participant face-to-face."

Pages 41 and 42, delete section 34

Page 42 and 43, delete section 35 and insert:

"Sec. 35. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 9. **Simplified sanctions for extended cases.** (a) Beginning July 1, 2008, if one or both participants in an assistance unit receiving assistance under this section are not in compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57, the following sanctions apply:

(1) for a first occurrence of noncompliance, an assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (d);

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

If a participant is determined to be out of compliance, the participant may claim a good cause exception under section 256J.57.

(b) If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.

(c) If a two-parent assistance unit is extended under subdivision 3 or 4, and a parent who has not reached the 60-month time limit is out of compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57 when the case is extended, the sanction in the 61st month is considered the first sanction for the purposes of applying the sanctions in this subdivision, except that the sanction amount is reduced by 30 percent.
(d) If one or both participants in an assistance unit receiving assistance under this section refuses to cooperate, as determined by the child support agency, with support requirements under section 256.741, the following sanctions apply:

(1) for a first occurrence of noncooperation, the assistance unit's grant is reduced by 30 percent of the applicable MFIP standard of need;

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

(e) A participant subject to a sanction for refusal to comply with child support requirements and subject to a concurrent employment services sanction is subject to sanctions under paragraphs (f) to (i).

(f) If the participant was sanctioned for:

(1) noncompliance under paragraph (a) before being subject to sanction for noncooperation under paragraph (d); or

(2) noncooperation under paragraph (d) before being subject to sanction for noncompliance under paragraph (a), the participant is considered to have second occurrence of noncompliance and shall be sanctioned under section 256J.46, subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under section 256J.46, subdivision 3.

(g) A participant who first becomes subject to sanction under both paragraphs (a) and (d) in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant is reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second or third month of noncompliance and noncooperation, the participant is subject to the sanction under section 256J.46, subdivision 3, paragraph (e); and

(3) on the fourth month of noncompliance and noncooperation, the participant is disqualified.

(h) A participant remains subject to sanction under paragraph (d) if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under section 256J.46, subdivision 3, paragraph (f).

(i) A participant remains subject to sanction under paragraph (a) if the participant cooperates and is no longer subject to sanction under paragraph (d).

Sec. 36. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 10. Status of disqualified participants under simplified sanctions. (a) Beginning July 1, 2008, an assistance unit that is disqualified under subdivision 9, paragraph (a), may be approved for MFIP if the participant complies with MFIP requirements and demonstrates compliance for up to one month. No assistance shall be paid during this period.
(b) An assistance unit that is disqualified under subdivision 9 and that reapplies under paragraph (a) is subject to sanction under section 256J.46, subdivision 3, paragraph (e), for a first occurrence of noncompliance. A subsequent occurrence of noncompliance results in a permanent disqualification.

(c) If one participant in a two-parent assistance unit receiving assistance under a hardship extension under subdivision 3 or 4 is determined to be out of compliance with MFIP requirements, the county shall give the assistance unit the option of disqualifying the noncompliant participant from MFIP. In that case, the assistance unit is treated as a one-parent assistance unit for the purposes of meeting the work requirements under subdivision 4, and the assistance unit's MFIP grant is calculated using the shared household standard under section 256J.08, subdivision 82a. An applicant who is disqualified from receiving assistance under this paragraph may reapply under paragraph (a). If a participant is disqualified from MFIP under this subdivision a second time, the participant is permanently disqualified from MFIP.

(d) Prior to a disqualification under this subdivision, a county agency must review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. If a face-to-face meeting is not conducted, the county agency shall send the participant a notice of adverse action as provided in section 256J.31. During the face-to-face meeting, the county agency shall:

1. determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);
2. determine whether the participant qualifies for a good cause exception under section 256J.57;
3. inform the participant of the family violence waiver criteria and make appropriate referrals if the waiver is requested;
4. inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;
5. identify other resources that may be available to the participant to meet the needs of the family; and
6. inform the participant of the right to appeal under section 256J.40.

Pages 43 and 44, delete section 36 and insert:

"Sec. 36. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 3. Simplified sanctions. (a) Beginning July 1, 2008, a participant who fails without good cause under section 256J.57 to comply with the requirements of this chapter, and who is not subject to a sanction under subdivision 4, is subject to a sanction under this subdivision. Prior to the imposition of a sanction, a county agency shall provide a notice of intent to sanction under section 256J.57, subdivision 2, and, when applicable, a notice of adverse action under section 256J.31.

(b) A sanction under this subdivision becomes effective the month following the month in which a required notice is given. A sanction is not imposed when a participant comes into compliance with the requirements for orientation under section 256J.45 prior to the effective date of the sanction. A sanction is not imposed when a participant comes into compliance with the requirements for employment and training services under sections 256J.515 to 256J.57 ten days prior to the effective date of the sanction. For purposes of this subdivision, each month that a participant fails to comply with a requirement of this chapter is considered a separate occurrence of noncompliance. If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance."
(c) Sanctions for noncompliance are imposed as prescribed by paragraphs (d) and (e).

(d) For the first occurrence of noncompliance by a participant in an assistance unit, the assistance unit’s grant is reduced by ten percent of the MFIP standard of need for an assistance unit of the same size with the residual grant paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant returns to compliance.

(e) For a second or third occurrence of noncompliance by a participant in an assistance unit, the assistance unit’s shelter costs must be vendor paid up to the amount of the cash portion of the MFIP grant for which the assistance unit is eligible. At county option, the assistance unit’s utilities may also be vendor paid up to the amount of the cash portion of the MFIP grant remaining after vendor payment of the assistance unit’s shelter costs. The residual amount of the grant after vendor payment, if any, is reduced by an amount equal to 30 percent of the MFIP standard of need for an assistance unit of the same size before the residual grant is paid to the assistance unit. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant in a one-parent assistance unit returns to compliance. In a two-parent assistance unit, the grant reduction must be in effect for a minimum of one month and is removed in the month following the month both participants return to compliance. The vendor payment of shelter costs and utilities must be removed six months after the month in which the participant or participants return to compliance. If an assistance unit is sanctioned under this paragraph, the participant’s case file must be reviewed to determine if the employment plan is still appropriate.

(f) For a fourth occurrence of noncompliance by a participant in an assistance unit, or when the participants in a two-parent assistance unit have a total of four occurrences of noncompliance, the county agency shall close the MFIP assistance unit’s financial assistance case, including both the cash and food portions, and redetermine the family’s continued eligibility for food support payments. The MFIP case must remain closed for a minimum of one full month. Before the case is closed, the county agency shall review the participant’s case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. The participant may bring an advocate to the face-to-face meeting. If a face-to-face meeting is not conducted, the county agency shall send the participant a written notice that includes the information required under paragraph (g).

(g) During the face-to-face meeting in paragraph (f), the county agency must:

(1) determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);

(2) determine whether the participant qualifies for a good cause exception under section 256J.57, or if the sanction is for noncooperation with child support requirements, determine if the participant qualifies for a good cause exemption under section 256.741, subdivision 10;

(3) determine whether the work activities in the employment plan are appropriate based on the criteria in section 256J.521, subdivision 2 or 3;

(4) determine whether the participant qualifies for the family violence waiver;

(5) inform the participant of the participant’s sanction status and explain the consequences of continuing noncompliance;

(6) identify other resources that may be available to the participant to meet the needs of the family; and

(7) inform the participant of the right to appeal under section 256J.40.
If the lack of an identified activity or service can explain the noncompliance, the county must work with the participant to provide the identified activity.

The grant must be restored to the full amount for which the assistance unit is eligible retroactively to the first day of the month in which the participant was found to lack preemployment activities, a family violence waiver, or for a good cause exemption under section 256.741, subdivision 10, or 256J.57.

(h) For the purpose of applying sanctions under this subdivision, only occurrences of noncompliance that occur after July 1, 2008, are considered. If the participant is in 30 percent sanction in the month this section takes effect, that month counts as the first occurrence for purposes of applying the sanctions under this section, but the sanction must remain at 30 percent for that month.

(i) An assistance unit whose case is closed under paragraph (f) or (i), may reapply for MFIP and is eligible if the participant complies with MFIP program requirements and demonstrates compliance for up to one month. No assistance is paid during this period.

(j) An assistance unit whose case has been closed for noncompliance that reapplies under paragraph (i) is subject to sanction under paragraph (e) for a first occurrence of noncompliance. Any subsequent occurrence of noncompliance results in case closure under paragraph (f).

Sec. 37. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 4. Simplified sanctions for refusal to cooperate with support requirements. Beginning July 1, 2008, an MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, is subject to sanction under this subdivision and subdivision 1. For a first occurrence of noncooperation, the assistance unit's grant must be reduced by 30 percent of the applicable MFIP standard of need. Subsequent occurrences of noncooperation must be subject to sanction under subdivision 3, paragraphs (e) and (f). The residual amount of the grant, if any, is paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction is not imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction is removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an MFIP caregiver fails to comply with the requirements of section 256.741 is considered a separate occurrence of noncompliance for the purpose of applying sanctions under subdivision 3, paragraphs (e) and (f).

Sec. 38. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 5. Simplified dual sanctions. (a) Beginning July 1, 2008, notwithstanding the provisions of subdivisions 3 and 4, for a participant subject to a sanction for refusal to comply with child support requirements under subdivision 4 and subject to a concurrent sanction for refusal to cooperate with other program requirements under subdivision 3, sanctions must be imposed in the manner prescribed in this subdivision. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 3.

(b) If the participant was subject to sanction for:

(1) noncompliance under subdivision 3 before being subject to sanction for noncooperation under subdivision 4; or

(2) noncooperation under subdivision 4 before being subject to sanction for noncompliance under subdivision 3,
the participant is considered to have a second occurrence of noncompliance and is sanctioned as provided in subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 3 and 4 in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant must be reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second and subsequent months of noncompliance and noncooperation, the participant is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(d) A participant remains subject to sanction under subdivision 4 if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under subdivision 3, paragraph (f).

(e) A participant remains subject to the applicable level of sanction under subdivision 3 if the participant cooperates and is no longer subject to sanction under subdivision 4.

Pages 44 and 45, delete section 37 and insert:

"Sec. 37. Minnesota Statutes 2006, section 256J.49, subdivision 13, is amended to read:

Subd. 13. Work activity. "Work activity" means any activity in a participant's approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

(1) unsubsidized employment, including work study and paid apprenticeships or internships;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, the self employment investment demonstration program (SEID) as specified in section 256J.65, paid work experience, and supported work when a wage subsidy is provided;

(3) unpaid work experience, including community service, volunteer work, the community service work experience program as specified in section 256J.67, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided;

(4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;

(5) job readiness education, including English as a second language (ESL) or functional work literacy classes as limited by the provisions of section 256J.531, subdivision 2, general educational development (GED) course work, high school completion, and adult basic education as limited by the provisions of section 256J.531, subdivision 1;
(6) job skills training directly related to employment, including education and training that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

Sec. 38. Minnesota Statutes 2006, section 256J.50, subdivision 1, is amended to read:

Subdivision 1. Employment and training services component of MFIP. (a) Each county must develop and provide an employment and training services component which is designed to put participants on the most direct path to unsubsidized employment. Participation in these services is mandatory for all MFIP caregivers, unless the caregiver is exempt under section 256J.56.

(b) Effective July 1, 2008, a county must provide employment and training services under sections 256J.515 to 256J.74 within thirty days after the caregiver is determined eligible for MFIP, or within ten days when the caregiver participated in the diversionary work program under section 256J.95 within the past 12 months.

Pages 45 and 46, delete section 38

Pages 46 to 48, delete section 39

Page 48, delete section 40

Page 48, delete section 41 and insert:

"Sec. 41. Minnesota Statutes 2006, section 256J.531, is amended to read:

256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.

Subdivision 1. Approval of adult basic education. With the exception of classes related to obtaining a general educational development credential (GED), a participant must have reading or mathematics proficiency below a ninth grade level in order for adult basic education classes to be an approved work activity. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending adult basic education or general educational development classes.

Subd. 2. Approval of English as a second language. In order for English as a second language (ESL) classes to be an approved work activity in an employment plan, a participant must be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test. In approving ESL as a work activity, the job counselor must give preference to enrollment in a functional work literacy program, if one is available, over a regular ESL program. A participant may not be approved for more than a combined total of 24 months of ESL classes while participating in the diversionary work program and the employment and training services component of MFIP. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending ESL classes. For participants enrolled in functional work literacy classes, no more than two thirds of the participation requirements in section 256J.55, subdivision 1, may be met through attending functional work literacy classes.

EFFECTIVE DATE. This section is effective October 1, 2007."
Pages 49 and 50, delete section 42

Pages 50 to 54, delete section 43 and insert:

"Sec. 43. Minnesota Statutes 2006, section 256J.626, subdivision 7, is amended to read:

Subd. 7. **Performance base funds.** (a) Beginning calendar year 2005, each county and tribe will be allocated 95 percent of their initial calendar year allocation. Counties and tribes will be allocated additional funds based on performance as follows:

(1) for calendar year 2005, a county or tribe that achieves a 30 percent rate or higher on the MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar year 2006, a county or tribe that achieves a 40 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(3) for calendar year 2007, a county or tribe that achieves a 50 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) (1) for calendar year 2008, a county or tribe that achieves a 50 percent MFIP work participation rate as specified in the Personal Responsibility and Work Responsibility Act, Public Law 104-193, applied to all MFIP cases except child-only cases, as averaged across the four quarterly measurements for the most recent year for which the measurements are available, must receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar year 2008 and yearly thereafter, a county or tribe that achieves a 50 percent MFIP work participation rate under section 256J.751, subdivision 2, clause (7), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) (3) for calendar years 2005 and thereafter, a county or tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to five percent of its initial allocation; or

(4) (4) for calendar years 2005 and thereafter, a county or tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(b) Performance-based funds for a federally approved tribal TANF program in which the state and tribe have in place a contract under section 256.01, addressing consolidated funding, will be allocated as follows:

(1) for calendar year 2006 and yearly thereafter, a tribe that achieves the participation rate approved in its federal TANF plan using the average of four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and
(2) for calendar years 2006 and thereafter, a tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to five percent of its initial allocation; or

(3) for calendar years 2006 and thereafter, a tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(c) Funds remaining unallocated after the performance-based allocations in paragraph (a) are available to the commissioner for innovation projects under subdivision 5.

(d)(1) If available funds are insufficient to meet county and tribal allocations under paragraph (a), the commissioner may make available for allocation funds that are unobligated and available from the innovation projects through the end of the current biennium.

(2) If after the application of clause (1) funds remain insufficient to meet county and tribal allocations under paragraph (a), the commissioner must proportionally reduce the allocation of each county and tribe with respect to their maximum allocation available under paragraph (a).

Sec. 44. Minnesota Statutes 2006, section 256J.626, is amended by adding a subdivision to read:

Subd. 10. Specialized employment. Beginning July 1, 2007, the commissioner shall make funds available annually to counties and tribes to develop paid and unpaid work experience positions for MFIP participants with no recent work history. The commissioner shall develop a process for approving requests and allocating funding in consultation with the counties and tribes.

Sec. 45. [256J.675] COMMUNITY SERVICE WORK EXPERIENCE.

Subdivision 1. Employment options. Community service work experience positions developed under this section are limited to projects that serve a useful public service such as health care, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, community service, services to aged or disabled citizens, and child care. To the extent possible, the prior training, skills, and experience of a participant must be considered in making appropriate work experience assignments.

Subd. 2. Placing participants in community service work experience. As a condition of placing a participant in a program under this section, the county agency shall ensure that:

(1) a participant is first given the opportunity for placement in suitable unsubsidized employment through participation in job search, or through participation in on-the-job training if such employment is available;

(2) after three months of participation in a community service work experience placement, and at the conclusion of each community service work experience assignment under this section, the participant’s employment plan is revised as appropriate;

(3) the maximum number of hours any participant works under this section does not exceed the amount of the MFIP grant, cash and food support, divided by the federal or applicable state minimum wage, whichever is higher; and
(4) a participant does not continue in a community work experience placement for more than nine months unless the maximum number of hours worked is no greater than the amount of the MFIP grant, cash and food support, divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site. This limit does not apply if it would prevent a participant from counting toward the federal work participation rate.

Sec. 46. [256J.678] INJURY PROTECTION FOR COMMUNITY SERVICE WORK EXPERIENCE PARTICIPANTS.

Subdivision 1. Authority. The Department of Administration, in consultation with the Department of Human Services, shall contract with an approved insurance carrier to provide coverage for injuries or death resulting from a person’s participation in paid and unpaid community work experience programs authorized by the commissioner for persons applying for or receiving DWP, MFIP, or food stamps, and participating in the Minnesota parent’s fair share program and the community service program under section 518.551, subdivision 5a, in a county with an approved community investment program for obligors.

Subd. 2. Claims. Claims that are subject to this section must be reported to the insurance carrier in a format approved by the carrier by the department of the state, county agency, or tribal program responsible for supervising the work.

Subd. 3. Exclusive procedure. The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, employees of the state, or the state's political subdivisions. The claimant is not entitled to seek damages from any other state, county, tribal, or reservation insurance policy or self-insurance program.

Subd. 4. Requirements for worksites. The department of the state, county agency, or tribal program responsible for supervising the work shall ensure that no participant is assigned to a worksite which is in violation of federal Occupational Safety and Health Administration and state Department of Labor and Industry safety standards or is under investigation to determine if those violations have occurred. All participants must be given the same safety information and training given to a paid employee performing similar work at that worksite.

Pages 54 and 55, delete section 44
Pages 55 and 56, delete section 45
Pages 56 and 57, delete sections 46 and 47
Pages 57 and 58, delete section 48
Pages 58 to 60, delete section 49
Pages 61 and 62, delete section 52
Page 62, after line 33, insert:

"Sec. 54. Minnesota Statutes 2006, section 256J.95, subdivision 15, is amended to read:

Subd. 15. Limitations on certain work activities. (a) Except as specified in paragraphs (b) to (d), employment activities listed in section 256J.49, subdivision 13, are allowable under the diversionary work program."
(b) Work activities under section 256J.49, subdivision 13, clause (5), shall be allowable only when in combination with approved work activities under section 256J.49, subdivision 13, clauses (1) to (4), and shall be limited to no more than one half of the hours required in the employment plan.

(e) In order for an English as a second language (ESL) class or Functional Work Literacy under section 256J.49, subdivision 13, clause (5), to be an approved work activity, a participant must:

1. be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test; and

2. not have been enrolled in ESL for more than 24 months while previously participating in MFIP or DWP. A participant who has been enrolled in ESL for 20 or more months may be approved for ESL until the participant has received 24 total months.

(d) Work activities under section 256J.49, subdivision 13, clause (6), shall be allowable only when the training or education program will be completed within the four-month DWP period. Training or education programs that will not be completed within the four-month DWP period shall not be approved.

Page 115, line 21, delete "sections" and insert "section" and delete everything after "256J.29" and insert "is repealed." Page 115, delete line 22 Page 115, after line 24, insert:

"Sec. 99. REPEALER.

Minnesota Statutes 2006, sections 256J.67; and 256J.68, are repealed effective

(b) Minnesota Statutes 2006, sections 256J.425, subdivisions 6 and 7; and 256J.46, subdivisions 1, 2, and 2a, are repealed effective June 30, 2008.

(c) Minnesota Statutes 2006, section 256J.29, is repealed."

Page 231, line 27, delete "three" and insert "five"

Page 231, line 30, delete "three" and insert "five"

Page 477, line 22, delete "$4,269,000" and insert "$9,912,000" and delete "and"

Page 477, line 23, delete "$4,889,000." and insert "$18,226,000;"

Page 477, after line 23 insert:

"(3) fiscal year 2010, $17,616,000; and

(4) fiscal year 2011, $17,320,000."
"TANF Transfer to Federal Child Care and Development Fund. The following TANF fund amount is appropriated to the commissioner for the purposes of MFIP transition year child care under MFIP, Minnesota Statutes, section 119B.05:

(1) fiscal year 2008, $5,643,000;

(2) fiscal year 2009, $14,372,000;

(3) fiscal year 2010, $17,616,000; and

(4) fiscal year 2011, $17,320,000.

The commissioner shall authorize transfer of sufficient TANF funds to the federal Child Care and Development Fund to meet this appropriation and shall ensure that all transferred funds are expended according the federal Child Care and Development Fund regulations."

Renumber the sections in sequence and correct the internal references
Adjust fund totals accordingly
Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Finstad et al amendment and the roll was called. There were 48 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Abeler
Anderson, B.
Anderson, S.
Beard
Bents
Brod
Buesgens
Cornish
Dean
DeLaForest
Demmer
Dettmer
Eastlund
Eken
Emmer
Erickson
Finstad
Garofalo
Gottwalt
Gunter
Hackbarth
Hamilton
Heidgerken
Holberg
Hoppe
Howes
Kohls
Lanning
Magnum
McFarlane
Morgan
Nornes
Olson
Otremba
Paulean
Peppin
Pinguin
Ruth
Seifert
Severson
Shimanski
Simpson
Smith
Sviggum
Tingelstad
Urdahl
Westrom

Those who voted in the negative were:

Anzelc
Atkins
Benson
Bigham
Bly
Brown
Brynaert
Bunn
Clark
Davnie
Dill
Dittrich
Dominguez
Doty
Erhardt
Faust
Fritz
Gardner
Greiling
Hansen
Hausman
Hays
Hilstrom
Hilty
Horton
Hosch
Hunley
Jaros
Johnson
The motion did not prevail and the amendment was not adopted.

CALL OF THE HOUSE LIFTED

DeLaForest moved that the call of the House be lifted. The motion prevailed and it was so ordered.

Eastlund was excused between the hours of 5:45 p.m. and 11:10 p.m.

Tschumper, Abeler, Juhnke and Magnus moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 466, after line 35, insert:

"Sec. 50. WATER LEVEL STANDARDS.

(a) Until the commissioner of health adopts rules setting the health risk limits required in paragraph (c), the health risk limit for all contaminants in private wells and public water systems must be the more stringent of the state standards or the federal standards determined by the United States Environmental Protection Agency.

(b) The legislature finds:

(1) the child-based standards became effective in 2001, under Minnesota Statutes, section 144.0751;

(2) Minnesota Statutes, section 103H.201, subdivision 3, requires the commissioner to update standards every four years; and

(3) the commissioner of health has not complied with Minnesota Statutes, section 103H.201, subdivision 3.

(c) By March 1, 2008, the commissioner of health must publish in the State Register notice of intent to adopt rules relating to health risk limits for commonly detected contaminants. The commissioner of health shall review current scientific information to establish health risk limits for commonly detected contaminants in groundwater and in private wells that provides a reasonable margin of safety to adequately protect the health of developing fetuses, infants, and children, in accordance with the requirements of section 144.0751. Nothing in paragraph (a) prohibits the commissioner from setting standards that are stricter than the federal standards."

Page 521, line 32, after the period, insert "Of this amount, $100,000 in 2008 is for a study relating to water supply health risk limit standards under Minnesota Statutes, section 144.355. This is a onetime appropriation."
Amend the appropriations by the specified amount and correct the totals and the appropriations by fund accordingly.

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Correct the title numbers accordingly

McNamara moved to amend the Tschumper et al amendment to S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 1, line 7, after "state" insert "of Minnesota"

Page 1, line 13, delete "update" and insert "review"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 42 yeas and 88 nays as follows:

Those who voted in the affirmative were:

Anderson, B.  Dean  Finstad  Hoppe  Olson  Shimanski
Anderson, S.  DeLaForest  Garofalo  Howes  Paulsen  Simpson
Beard  Demmer  Gottwalt  Kohls  Peppin  Smith
Benn  Detmer  Gunther  Lanning  Peterson, N.  Siggum
Brod  Emmer  Hackbarth  McFarlane  Ruth  Westrom
Buesgens  Erhardt  Hamilton  McNamara  Seifert  Wollschlager
Cornish  Erickson  Holberg  Nornes  Severson  Zellers

Those who voted in the negative were:

Abeler  Eken  Jaros  Madore  Otremba  Swails
Anzelc  Faust  Johnson  Magnus  Paymar  Thao
Atkins  Fritz  Juhnke  Mahoney  Pelowski  Thissen
Benson  Gardner  Kahn  Mariani  Peterson, A.  Tillberry
Bigham  Greiling  Kalin  Marquart  Peterson, S.  Tinglestad
Bly  Hansen  Knuth  Masin  Poppe  Tschumper
Brown  Hausman  Koenen  Moe  Rukavina  Udahl
Brynaert  Haws  Kranz  Morgan  Ruud  Wagenius
Bunn  Heidgerken  Laine  Morrow  Sailer  Walker
Clark  Hilstrom  Lenczewski  Mullery  Scalze  Ward
Davnie  Hilty  Lesch  Murphy, E.  Sertich  Welti
Dill  Hornein  Liebling  Murphy, M.  Simon  Winkler
Dittrich  Horstman  Lieder  Nelson  Slawik  Spk. Kelliher
Dominiguez  Hosch  Lillie  Norton  Slocum  Solberg
Doty  Huntley  Loeffler  Olin  Solberg

The motion did not prevail and the amendment to the amendment was not adopted.
POINT OF ORDER

Seifert raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills that the Tschumper et al amendment was not in order. The Speaker ruled the point of order was not well taken and the Tschumper et al amendment was in order.

The question recurred on the Tschumper et al amendment to S. F. No. 2171, the third unofficial engrossment, as amended. The motion prevailed and the amendment was adopted.

Urdahl and Shimanski moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 35, delete section 29 and insert:

"Sec. 29. Minnesota Statutes 2006, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

(a) Until October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5. Families receiving assistance under this section shall comply with all applicable requirements in this chapter.

(b) Beginning October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state's maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.

(c) Beginning October 1, 2007, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a household that meets criteria in clauses (1) to (4) as expenditures under a separately funded state program:

(1) single eligible caregiver households when the adult is a refugee or asylee as defined in Code of Federal Regulations, title 45, chapter IV, section 400.43, and the refugee or asylee arrived in the United States in the 12 months prior to the date of application for MFIP. These households will remain in the separately funded state program for six months or until the caregiver has been in the United States for 12 months, whichever comes first;

(2) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 2;

(3) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 3; and

(4) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 4, clause (3).
(d) Beginning March 1, 2008, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a single eligible caregiver household that meets the criteria in section 256J.32, subdivision 6, clause (6), as expenditures under a separately funded state program. A household is no longer part of the separately funded program if the household no longer meets the criteria in section 256J.32, subdivision 6, clause (6), item (iv), or if it is determined at recertification that:

(1) a single eligible caregiver with a child under the age of six is working at least 87 hours per month in paid or unpaid employment; or

(2) a single eligible caregiver without a child under the age of six is working at least 130 hours per month in paid or unpaid employment.

(e) The expenditures in paragraphs (b) to (d) do not count toward the state's MOE requirements under the federal TANF program.

Page 36, delete section 30 and insert:

"Sec. 30. Minnesota Statutes 2006, section 256J.09, subdivision 3b, is amended to read:

Subd. 3b. Interview to determine referrals and services. If the applicant is not diverted from applying for MFIP, and if the applicant meets the MFIP eligibility requirements, then a county agency must:

(1) identify an applicant who is under the age of 20 without a high school diploma or its equivalent and explain to the applicant the assessment procedures and employment plan requirements under section 256J.54;

(2) explain to the applicant the eligibility criteria in section 256J.545 for the family violence waiver, and what an applicant should do to develop an employment plan;

(3) explain that the activities and hourly requirements of the employment plan may be adjusted to accommodate the personal and family circumstances of applicants who meet the criteria in section 256J.561, subdivision 2, paragraph (d), and explain how a person should report to the county agency any status changes, and explain that an applicant who is not required to participate in employment services under section 256J.561 may volunteer to participate in employment and training services;

(4) for applicants who are not exempt from the requirement to attend orientation, arrange for an orientation under section 256J.45 and an assessment under section 256J.521;

(5) inform an applicant who is not exempt from the requirement to attend orientation that failure to attend the orientation is considered an occurrence of noncompliance with program requirements and will result in an imposition of a sanction under section 256J.46; and

(6) explain how to contact the county agency if an applicant has questions about compliance with program requirements;

(7) explain that before MFIP benefits can be issued to a family unit, the caregiver shall, in conjunction with a job counselor, develop and sign an employment plan. In two-parent family units, both parents shall develop and sign employment plans before benefits can be issued. Food support and health care benefits are not contingent on the requirement for a signed employment plan; and
(8) if child care is needed, the county agency shall obtain a completed application for child care from the applicant before the interview is terminated. The same day the application for child care is received, the application must be forwarded to the appropriate child care worker.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 31. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

**Subd. 11. Employment plan; MFIP benefits.** As soon as possible, but no later than ten working days after being notified that a participant is financially eligible for the MFIP program, the employment services provider shall provide the participant with an opportunity to meet to develop an initial employment plan. Once the initial employment plan has been developed and signed by the participant and the job counselor, the employment services provider shall notify the county within one working day that the employment plan has been signed. The county shall issue MFIP benefits within one working day after receiving notice that the employment plan has been signed.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 32. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

**Subd. 12. Immediate referral to employment services.** Within one working day of determination that the applicant is eligible for the MFIP program, but before benefits are issued to or on behalf of the family unit, the county shall refer all caregivers to employment services. The referral to employment services must be in writing and must contain the following information:

(1) notification that, as part of the application process, applicants are required to develop an employment plan or the MFIP application will be denied;

(2) the employment services provider name and phone number;

(3) the immediate availability of supportive services including, but not limited to, child care, transportation, and other work-related aid; and

(4) the rights, responsibilities, and obligations of participants in the program including, but not limited to, the grounds for good cause, the consequences of refusing or failing to participate fully with program requirements, and the appeal process.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Pages 36 to 40, delete section 31

Page 40, delete section 32 and insert:

"Sec. 32. Minnesota Statutes 2006, section 256J.32, subdivision 6, is amended to read:

**Subd. 6. Recertification.** The county agency shall recertify eligibility in an annual face-to-face interview with the participant and verify the following:

(1) presence of the minor child in the home, if questionable;

(2) income, unless excluded, including self-employment expenses used as a deduction or deposits or withdrawals from business accounts;"
(3) assets when the value is within $200 of the asset limit;

(4) information to establish an exception under section 256J.24, subdivision 9, if questionable; and

(5) inconsistent information, if related to eligibility;

(6) beginning March 1, 2008, whether a single eligible caregiver household meets requirements in items (i) to (iv) for inclusion in a separately funded state program under section 256J.021, paragraph (d):

(i) the assistance unit has used 24 or more months of MFIP assistance at recertification under this section;

(ii) the caregiver is not employed:

(iii) the caregiver is not meeting participation requirements under section 256J.55, subdivision 1, paragraph (d), clauses (1) and (2); and

(iv) the caregiver meets at least one of the following criteria:

(A) a qualified professional has determined the caregiver is unable to obtain or retain employment due to an illness, injury, or incapacity that is expected to last at least 60 days;

(B) a qualified professional has certified that the caregiver is required in the home to provide care for a family member, a relative in the household, or a foster child with an illness, injury, or incapacity that is expected to continue more than 60 days;

(C) a qualified professional has determined that the caregiver is needed in the home to care for a child or adult meeting the special medical criteria in section 256J.561, subdivision 2, paragraph (d), clause (3);

(D) a qualified professional has determined that the caregiver is pregnant and unable to obtain or retain employment for at least 60 days due to the pregnancy;

(E) the caregiver has a documented disability and has applied for supplemental security income or Social Security disability insurance and a determination is pending; and

(F) the caregiver qualifies for a family violence waiver under section 256J.545."

Page 41, after line 4, insert:

"Sec. 34. Minnesota Statutes 2006, section 256J.42, subdivision 6, is amended to read:

Subd. 6. Case review. (a) Within 180 days, but not less than 60 days, before the end of the participant's 60th month on assistance, the county agency or job counselor must review the participant's case to determine if the employment plan is still appropriate or if the participant is exempt under section 256J.56 from the employment and training services component, and attempt to meet with the participant face-to-face. Beginning March 1, 2008, for single caregiver households included in the separately funded nonmaintenance of effort state program under section 256J.021, paragraph (c), clauses (2) to (4), the purpose of the case review is to confirm criteria under section 256J.32, subdivision 6, clause (6).

(b) During the face-to-face meeting, a county agency or the job counselor must:
(1) inform the participant how many months of counted assistance the participant has accrued and when the participant is expected to reach the 60th month;

(2) explain the hardship extension criteria under section 256J.425 and what the participant should do if the participant thinks a hardship extension applies;

(3) identify other resources that may be available to the participant to meet the needs of the family; and

(4) inform the participant of the right to appeal the case closure under section 256J.40.

(c) If a face-to-face meeting is not possible, the county agency must send the participant a notice of adverse action as provided in section 256J.31, subdivisions 4 and 5.

(d) Before a participant's case is closed under this section, the county must ensure that:

(1) the case has been reviewed by the job counselor's supervisor or the review team designated by the county to determine if the criteria for a hardship extension, if requested, were applied appropriately; and

(2) the county agency or the job counselor attempted to meet with the participant face-to-face."

Pages 41 and 42, delete section 34

Pages 42 and 43, delete section 35 and insert:

"Sec. 35. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 9. Simplified sanctions for extended cases. (a) Beginning July 1, 2008, if one or both participants in an assistance unit receiving assistance under this section are not in compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57, the following sanctions apply:

(1) for a first occurrence of noncompliance, an assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (d);

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

If a participant is determined to be out of compliance, the participant may claim a good cause exception under section 256J.57.

(b) If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.

(c) If a two-parent assistance unit is extended under subdivision 3 or 4, and a parent who has not reached the 60-month time limit is out of compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57 when the case is extended, the sanction in the 61st month is considered the first sanction for the purposes of applying the sanctions in this subdivision, except that the sanction amount is reduced by 30 percent.
(d) If one or both participants in an assistance unit receiving assistance under this section refuses to cooperate, as determined by the child support agency, with support requirements under section 256.741, the following sanctions apply:

(1) for a first occurrence of noncooperation, the assistance unit's grant is reduced by 30 percent of the applicable MFIP standard of need;

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

(e) A participant subject to a sanction for refusal to comply with child support requirements and subject to a concurrent employment services sanction is subject to sanctions under paragraphs (f) to (i).

(f) If the participant was sanctioned for:

(1) noncompliance under paragraph (a) before being subject to sanction for noncooperation under paragraph (d); or

(2) noncooperation under paragraph (d) before being subject to sanction for noncompliance under paragraph (a), the participant is considered to have second occurrence of noncompliance and shall be sanctioned under section 256J.46, subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under section 256J.46, subdivision 3.

(g) A participant who first becomes subject to sanction under both paragraphs (a) and (d) in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant is reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second or third month of noncompliance and noncooperation, the participant is subject to the sanction under section 256J.46, subdivision 3, paragraph (e); and

(3) on the fourth month of noncompliance and noncooperation, the participant is disqualified.

(h) A participant remains subject to sanction under paragraph (d) if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under section 256J.46, subdivision 3, paragraph (f).

(i) A participant remains subject to sanction under paragraph (a) if the participant cooperates and is no longer subject to sanction under paragraph (d).

Sec. 36. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 10. Status of disqualified participants under simplified sanctions. (a) Beginning July 1, 2008, an assistance unit that is disqualified under subdivision 9, paragraph (a), may be approved for MFIP if the participant complies with MFIP requirements and demonstrates compliance for up to one month. No assistance shall be paid during this period.
(b) An assistance unit that is disqualified under subdivision 9 and that reapplies under paragraph (a) is subject to sanction under section 256J.46, subdivision 3, paragraph (e), for a first occurrence of noncompliance. A subsequent occurrence of noncompliance results in a permanent disqualification.

(c) If one participant in a two-parent assistance unit receiving assistance under a hardship extension under subdivision 3 or 4 is determined to be out of compliance with MFIP requirements, the county shall give the assistance unit the option of disqualifying the noncompliant participant from MFIP. In that case, the assistance unit is treated as a one-parent assistance unit for the purposes of meeting the work requirements under subdivision 4, and the assistance unit's MFIP grant is calculated using the shared household standard under section 256J.08, subdivision 82a. An applicant who is disqualified from receiving assistance under this paragraph may reapply under paragraph (a). If a participant is disqualified from MFIP under this subdivision a second time, the participant is permanently disqualified from MFIP.

(d) Prior to a disqualification under this subdivision, a county agency must review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. If a face-to-face meeting is not conducted, the county agency shall send the participant a notice of adverse action as provided in section 256J.31. During the face-to-face meeting, the county agency shall:

(1) determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);

(2) determine whether the participant qualifies for a good cause exception under section 256J.57;

(3) inform the participant of the family violence waiver criteria and make appropriate referrals if the waiver is requested;

(4) inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;

(5) identify other resources that may be available to the participant to meet the needs of the family; and

(6) inform the participant of the right to appeal under section 256J.40."

Pages 43 and 44, delete section 36 and insert:

"Sec. 36. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 3. Simplified sanctions. (a) Beginning July 1, 2008, a participant who fails without good cause under section 256J.57 to comply with the requirements of this chapter, and who is not subject to a sanction under subdivision 4, is subject to a sanction under this subdivision. Prior to the imposition of a sanction, a county agency shall provide a notice of intent to sanction under section 256J.57, subdivision 2, and, when applicable, a notice of adverse action under section 256J.31.

(b) A sanction under this subdivision becomes effective the month following the month in which a required notice is given. A sanction is not imposed when a participant comes into compliance with the requirements for orientation under section 256J.45 prior to the effective date of the sanction. A sanction is not imposed when a participant comes into compliance with the requirements for employment and training services under sections 256J.515 to 256J.57 ten days prior to the effective date of the sanction. For purposes of this subdivision, each month that a participant fails to comply with a requirement of this chapter is considered a separate occurrence of noncompliance. If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance."
(c) Sanctions for noncompliance are imposed as prescribed by paragraphs (d) and (e).

(d) For the first occurrence of noncompliance by a participant in an assistance unit, the assistance unit's grant is reduced by ten percent of the MFIP standard of need for an assistance unit of the same size with the residual grant paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant returns to compliance.

(e) For a second or third occurrence of noncompliance by a participant in an assistance unit, the assistance unit's shelter costs must be vendor paid up to the amount of the cash portion of the MFIP grant for which the assistance unit is eligible. At county option, the assistance unit's utilities may also be vendor paid up to the amount of the cash portion of the MFIP grant remaining after vendor payment of the assistance unit's shelter costs. The residual amount of the grant after vendor payment, if any, is reduced by an amount equal to 30 percent of the MFIP standard of need for an assistance unit of the same size before the residual grant is paid to the assistance unit. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant in a one-parent assistance unit returns to compliance. In a two-parent assistance unit, the grant reduction must be in effect for a minimum of one month and is removed in the month following the month both participants return to compliance. The vendor payment of shelter costs and utilities must be removed six months after the month in which the participant or participants return to compliance. If an assistance unit is sanctioned under this paragraph, the participant's case file must be reviewed to determine if the employment plan is still appropriate.

(f) For a fourth occurrence of noncompliance by a participant in an assistance unit, or when the participants in a two-parent assistance unit have a total of four occurrences of noncompliance, the county agency shall close the MFIP assistance unit's financial assistance case, including both the cash and food portions, and redetermine the family's continued eligibility for food support payments. The MFIP case must remain closed for a minimum of one full month. Before the case is closed, the county agency shall review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. The participant may bring an advocate to the face-to-face meeting. If a face-to-face meeting is not conducted, the county agency shall send the participant a written notice that includes the information required under paragraph (g).

(g) During the face-to-face meeting in paragraph (f), the county agency must:

(1) determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);

(2) determine whether the participant qualifies for a good cause exception under section 256J.57, or if the sanction is for noncooperation with child support requirements, determine if the participant qualifies for a good cause exemption under section 256.741, subdivision 10;

(3) determine whether the work activities in the employment plan are appropriate based on the criteria in section 256J.521, subdivision 2 or 3;

(4) determine whether the participant qualifies for the family violence waiver;

(5) inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;

(6) identify other resources that may be available to the participant to meet the needs of the family; and

(7) inform the participant of the right to appeal under section 256J.40.
If the lack of an identified activity or service can explain the noncompliance, the county must work with the participant to provide the identified activity.

The grant must be restored to the full amount for which the assistance unit is eligible retroactively to the first day of the month in which the participant was found to lack preemployment activities, a family violence waiver, or for a good cause exemption under section 256.741, subdivision 10, or 256J.57.

(h) For the purpose of applying sanctions under this subdivision, only occurrences of noncompliance that occur after July 1, 2008, are considered. If the participant is in 30 percent sanction in the month this section takes effect, that month counts as the first occurrence for purposes of applying the sanctions under this section, but the sanction must remain at 30 percent for that month.

(i) An assistance unit whose case is closed under paragraph (f) or (i), may reapply for MFIP and is eligible if the participant complies with MFIP program requirements and demonstrates compliance for up to one month. No assistance is paid during this period.

(j) An assistance unit whose case has been closed for noncompliance that reapplies under paragraph (i) is subject to sanction under paragraph (e) for a first occurrence of noncompliance. Any subsequent occurrence of noncompliance results in case closure under paragraph (f).

Sec. 37. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 4. **Simplified sanctions for refusal to cooperate with support requirements.** Beginning July 1, 2008, an MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, is subject to sanction under this subdivision and subdivision 1. For a first occurrence of noncooperation, the assistance unit's grant must be reduced by 30 percent of the applicable MFIP standard of need. Subsequent occurrences of noncooperation must be subject to sanction under subdivision 3, paragraphs (e) and (f). The residual amount of the grant, if any, is paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction is not imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction is removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an MFIP caregiver fails to comply with the requirements of section 256.741 is considered a separate occurrence of noncompliance for the purpose of applying sanctions under subdivision 3, paragraphs (e) and (f).

Sec. 38. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 5. **Simplified dual sanctions.** (a) Beginning July 1, 2008, notwithstanding the provisions of subdivisions 3 and 4, for a participant subject to a sanction for refusal to cooperate with child support requirements under subdivision 4 and subject to a concurrent sanction for refusal to cooperate with other program requirements under subdivision 3, sanctions must be imposed in the manner prescribed in this subdivision. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 3.

(b) If the participant was subject to sanction for:

(1) noncompliance under subdivision 3 before being subject to sanction for noncooperation under subdivision 4; or

(2) noncooperation under subdivision 4 before being subject to sanction for noncompliance under subdivision 3,
the participant is considered to have a second occurrence of noncompliance and is sanctioned as provided in subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 3 and 4 in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant must be reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second and subsequent months of noncompliance and noncooperation, the participant is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(d) A participant remains subject to sanction under subdivision 4 if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under subdivision 3, paragraph (f).

(e) A participant remains subject to the applicable level of sanction under subdivision 3 if the participant cooperates and is no longer subject to sanction under subdivision 4.

Pages 44 and 45, delete section 37 and insert:

"Sec. 37. Minnesota Statutes 2006, section 256J.49, subdivision 13, is amended to read:

Subd. 13. Work activity. "Work activity" means any activity in a participant's approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

(1) unsubsidized employment, including work study and paid apprenticeships or internships;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, the self-employment investment demonstration program (SEID) as specified in section 256J.65, paid work experience, and supported work when a wage subsidy is provided;

(3) unpaid work experience, including community service, volunteer work, the community service work experience program as specified in section 256J.67, 256J.675, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided;

(4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;

(5) job readiness education, including English as a second language (ESL) or functional work literacy classes as limited by the provisions of section 256J.531, subdivision 2, general educational development (GED) course work, high school completion, and adult basic education as limited by the provisions of section 256J.531, subdivision 1;"
(6) job skills training directly related to employment, including education and training that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

Sec. 38. Minnesota Statutes 2006, section 256J.50, subdivision 1, is amended to read:

Subdivision 1. Employment and training services component of MFIP. (a) Each county must develop and provide an employment and training services component which is designed to put participants on the most direct path to unsubsidized employment. Participation in these services is mandatory for all MFIP caregivers, unless the caregiver is exempt under section 256J.56.

(b) Effective July 1, 2008, a county must provide employment and training services under sections 256J.515 to 256J.74 within ten days after the caregiver is determined eligible for MFIP, or within ten days when the caregiver participated in the diversionary work program under section 256J.95 within the past 12 months."

Pages 45 and 46, delete section 38

Pages 46 to 48, delete section 39

Page 48, delete section 40

Page 48, delete section 41 and insert:

"Sec. 41. Minnesota Statutes 2006, section 256J.53, is amended to read:

256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.

Subdivision 1. Approval of adult basic education. With the exception of classes related to obtaining a general educational development credential (GED), a participant must have reading or mathematics proficiency below a ninth grade level in order for adult basic education classes to be an approved work activity. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending adult basic education or general educational development classes.

Subd. 2. Approval of English as a second language. In order for English as a second language (ESL) classes to be an approved work activity in an employment plan, a participant must be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test. In approving ESL as a work activity, the job counselor must give preference to enrollment in a functional work literacy program, if one is available, over a regular ESL program. A participant may not be approved for more than a combined total of 24 months of ESL classes while participating in the diversionary work program and the employment and training services component of MFIP. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending ESL classes. For participants enrolled in functional work literacy classes, no more than two-thirds of the participation requirements in section 256J.55, subdivision 1, may be met through attending functional work literacy classes.

EFFECTIVE DATE. This section is effective October 1, 2007."
Pages 49 and 50, delete section 42

Pages 50 to 54, delete section 43 and insert:

"Sec. 43. Minnesota Statutes 2006, section 256J.626, subdivision 7, is amended to read:

Subd. 7. Performance base funds. (a) Beginning calendar year 2005, each county and tribe will be allocated 95 percent of their initial calendar year allocation. Counties and tribes will be allocated additional funds based on performance as follows:

(1) for calendar year 2005, a county or tribe that achieves a 30 percent rate or higher on the MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar year 2006, a county or tribe that achieves a 40 percent rate or a five percentage point improvement over the previous year's MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(3) for calendar year 2007, a county or tribe that achieves a 50 percent rate or a five percentage point improvement over the previous year's MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) (1) for calendar year 2008, a county or tribe that achieves a 50 percent MFIP work participation rate as specified in the Personal Responsibility and Work Responsibility Act, Public Law 104-193, applied to all MFIP cases except child-only cases, as averaged across the four quarterly measurements for the most recent year for which the measurements are available, must receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar year 2008 and yearly thereafter, a county or tribe that achieves a 50 percent MFIP TANF work participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(5) (3) for calendar years 2005 and thereafter, a county or tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to five percent of its initial allocation; or

(6) (4) for calendar years 2005 and thereafter, a county or tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(b) Performance-based funds for a federally approved tribal TANF program in which the state and tribe have in place a contract under section 256.01, addressing consolidated funding, will be allocated as follows:

(1) for calendar year 2006 and yearly thereafter, a tribe that achieves the participation rate approved in its federal TANF plan using the average of four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and
(2) for calendar years 2006 and thereafter, a tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal to five percent of its initial allocation; or

(3) for calendar years 2006 and thereafter, a tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(c) Funds remaining unallocated after the performance-based allocations in paragraph (a) are available to the commissioner for innovation projects under subdivision 5.

(d)(1) If available funds are insufficient to meet county and tribal allocations under paragraph (a), the commissioner may make available for allocation funds that are unobligated and available from the innovation projects through the end of the current biennium.

(2) If after the application of clause (1) funds remain insufficient to meet county and tribal allocations under paragraph (a), the commissioner must proportionally reduce the allocation of each county and tribe with respect to their maximum allocation available under paragraph (a).

Sec. 44. Minnesota Statutes 2006, section 256J.626, is amended by adding a subdivision to read:

Subd. 10. Specialized employment. Beginning July 1, 2007, the commissioner shall make funds available annually to counties and tribes to develop paid and unpaid work experience positions for MFIP participants with no recent work history. The commissioner shall develop a process for approving requests and allocating funding in consultation with the counties and tribes.

Sec. 45. [256J.675] COMMUNITY SERVICE WORK EXPERIENCE.

Subdivision 1. Employment options. Community service work experience positions developed under this section are limited to projects that serve a useful public service such as health care, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, community service, services to aged or disabled citizens, and child care. To the extent possible, the prior training, skills, and experience of a participant must be considered in making appropriate work experience assignments.

Subd. 2. Placing participants in community service work experience. As a condition of placing a participant in a program under this section, the county agency shall ensure that:

(1) a participant is first given the opportunity for placement in suitable unsubsidized employment through participation in job search, or through participation in on-the-job training if such employment is available;

(2) after three months of participation in a community service work experience placement, and at the conclusion of each community service work experience assignment under this section, the participant’s employment plan is revised as appropriate;

(3) the maximum number of hours any participant works under this section does not exceed the amount of the MFIP grant, cash and food support, divided by the federal or applicable state minimum wage, whichever is higher; and
a participant does not continue in a community work experience placement for more than nine months unless the maximum number of hours worked is no greater than the amount of the MFIP grant, cash and food support, divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site. This limit does not apply if it would prevent a participant from counting toward the federal work participation rate.

Sec. 46.  [256J.678] INJURY PROTECTION FOR COMMUNITY SERVICE WORK EXPERIENCE PARTICIPANTS.

Subdivision 1. Authority. The Department of Administration, in consultation with the Department of Human Services, shall contract with an approved insurance carrier to provide coverage for injuries or death resulting from a person’s participation in paid and unpaid community work experience programs authorized by the commissioner for persons applying for or receiving DWP, MFIP, or food stamps, and participating in the Minnesota parent’s fair share program and the community service program under section 518.551, subdivision 5a, in a county with an approved community investment program for obligors.

Subd. 2. Claims. Claims that are subject to this section must be reported to the insurance carrier in a format approved by the carrier by the department of the state, county agency, or tribal program responsible for supervising the work.

Subd. 3. Exclusive procedure. The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, employees of the state, or the state’s political subdivisions. The claimant is not entitled to seek damages from any other state, county, tribal, or reservation insurance policy or self-insurance program.

Subd. 4. Requirements for worksites. The department of the state, county agency, or tribal program responsible for supervising the work shall ensure that no participant is assigned to a worksite which is in violation of federal Occupational Safety and Health Administration and state Department of Labor and Industry safety standards or is under investigation to determine if those violations have occurred. All participants must be given the same safety information and training given to a paid employee performing similar work at that worksite.

Pages 54 and 55, delete section 44
Pages 55 and 56, delete section 45
Pages 56 and 57, delete sections 46 and 47
Pages 57 and 58, delete section 48
Pages 58 to 60, delete section 49
Page 61 and 62, delete section 52
Page 62, after line 33, insert:

"Sec. 54. Minnesota Statutes 2006, section 256J.95, subdivision 15, is amended to read:

Subd. 15. Limitations on certain work activities. (a) Except as specified in paragraphs (b) to (d), employment activities listed in section 256J.49, subdivision 13, are allowable under the diversionary work program.
(b) Work activities under section 256J.49, subdivision 13, clause (5), shall be allowable only when in combination with approved work activities under section 256J.49, subdivision 13, clauses (1) to (4), and shall be limited to no more than one-half of the hours required in the employment plan.

(d) (c) In order for an English as a second language (ESL) class or Functional Work Literacy under section 256J.49, subdivision 13, clause (5), to be an approved work activity, a participant must:

(1) be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test; and

(2) not have been enrolled in ESL for more than 24 months while previously participating in MFIP or DWP. A participant who has been enrolled in ESL for 20 or more months may be approved for ESL until the participant has received 24 total months.

(d) (c) Work activities under section 256J.49, subdivision 13, clause (6), shall be allowable only when the training or education program will be completed within the four-month DWP period. Training or education programs that will not be completed within the four-month DWP period shall not be approved."

Page 115, line 21, delete "sections" and insert "section" and delete everything after "256J.29" and insert "is repealed."

Page 115, delete line 22

Page 115, after line 24, insert:

"Sec. 99. REPEALER.

Minnesota Statutes 2006, sections 256J.67; and 256J.68, are repealed effective

(b) Minnesota Statutes 2006, sections 256J.425, subdivisions 6 and 7; and 256J.46, subdivisions 1, 2, and 2a, are repealed effective June 30, 2008.

(c) Minnesota Statutes 2006, section 256J.29, is repealed."

Page 234, after line 15, insert:

"Sec. 64. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 21. Rate increase for nursing facilities. Effective for rate years beginning October 1, 2007; October 1, 2008; and October 1, 2010, operating payment rates of all nursing facilities that are reimbursed under this section or section 256B.441 shall be increased to be equal, for a RUGS rate with a weight of 1.00, by up to four percent, but not to exceed, for the same RUGS weight, the rate of the facility at the 60th percentile of all nursing facilities in the state. The percentage of the operating payment rate for each facility to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted in that facility's operating payment rate on the preceding September 30. This subdivision applies only if it results in a rate increase. Increases provided by this subdivision shall be added to the rate determined under any new reimbursement system established under section 256B.441."

Page 477, line 22, delete "$4,269,000" and insert "$10,969,000"

Page 477, line 23, delete "$4,889,000" and insert "$11,589,000"
Page 477, after line 25, insert:

"TANF Transfer to Federal Child Care and Development Fund. The following TANF fund amount is appropriated to the commissioner for the purposes of MFIP transition year child care under MFIP, Minnesota Statutes, section 119B.05:

(1) fiscal year 2008, $5,643,000;

(2) fiscal year 2009, $14,372,000;

(3) fiscal year 2010, $17,616,000; and

(4) fiscal year 2011, $17,320,000.

The commissioner shall authorize transfer of sufficient TANF funds to the federal Child Care and Development Fund to meet this appropriation and shall ensure that all transferred funds are expended according the federal Child Care and Development Fund regulations."

Renumber the sections in sequence and correct the internal references

Adjust fund totals accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Urdahl and Shimanski amendment and the roll was called. There were 34 yeas and 96 nays as follows:

Those who voted in the affirmative were:

Abeler
Anderson, B.
Brod
Cornish
DeLaForest
Demmer
Dill
Eken
Emmer
Erickson
Finstad
Gottwalt
Gunther
Hackbarth
Hamilton
Heidgerken
Holberg
Howes
Koenen
Kohls
Lanning
Magnus
Nornes
Olson
Otremba
Ruth
Seifert
Severson
Shimanski
Simpson
Sviggum
Tingelstad
Urdahl
Westrom

Those who voted in the negative were:

Anderson, S.
Anzelc
Atkins
Beard
Benson
Berns
Bigham
Bly
Brown
Brynaert
Buesgens
Bunn
Clark
Davnie
Dean
Dettmer
Dittrich
Dominguez
Erhardt
Faust
Fritz
Gardner
Garofalo
Greiling
Hansen
Hausman
Hortman
Haws
Hosch
Hilstrom
Hilty
Huntley
Hoppe
Hornstein
Hosch
Johnson    Lieder    Moe    Paymar    Scalze    Tillberry
Juhnke      Lillie    Morgan  Pelowski  Sertich  Tschumper
Kahn        Loeffler  Morrow  Peppin    Simon    Wagenius
Kalin        Madore    Mullery  Peterson, A.  Slawik  Walker
Knuth       Mahoney  Murphy, E.  Peterson, N.  Slocum  Ward
Kranz       Mariani  Murphy, M.  Peterson, S.  Smith  Welti
Laine       Marquart  Nelson  Poppe    Solberg  Winkler
Lenczewski  Masin    Norton  Rukavina  Swails  Wollschlager
Lesch       McFarlane  Olin    Ruud     Thao     Zellers
Liebling    McNamara  Paulsen  Sailer   Thissen  Spk. Kelliher

The motion did not prevail and the amendment was not adopted.

The Speaker called Hausman to the Chair.

Olson, Erickson and Anderson, B., moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 421, line 12, before "and" insert "health care rationing; the doctor-patient relationship; customized medical treatment; patient privacy;"

Page 421, line 14, after the period, insert "The commissioner shall include a definition of the terms "quality of care" and "access to care" to provide uniform understanding of the study's findings."

Huntley moved to amend the Olson et al amendment to S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 1, delete lines 3 and 4

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 83 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anzelc    Faust    Johnson    Madore    Otremba    Solberg
Atkins    Fritz     Juhnke    Mahoney  Paymar    Swails
Benson    Gardner  Kahn     Mariani  Pelowski  Thao
Bigham    Greiling  Kalin    Marquart  Peterson, A.  Thissen
Bly       Hansen    Knuth  Moe     Peterson, S.  Tillberry
Brown     Hausman  Koenen  Morgan  Poppe    Tschumper
Brynaert  Haws     Kranz    Morrow  Ruud     Wagenius
Bunn      Hilstrom  Laine  Lenczewski  Mullery  Sailer
Clark     Hilty     Lenczewski Lesch    Murphy, E.  Scaler
Davnie    Hornstein  Lieber  Lesch    Murphy, M.  Wagenius
Dittrich  Hortman  Liebling  Lieder  Norton  Sertich  Welti
Dominguez  Hosch   Lieder  Norton  Simon    Winkler
Doty      Huntley  Lieder  Norton  Simon    Wollschlager
Eken      Jaros     Loeffler  Olin    Solberg  Spk. Kelliher
Those who voted in the negative were:

Abeler  Dean  Finstad  Hoppe  Olson  Simpson
Anderson, B.  DeLaForest  Garofalo  Howes  Paulsen  Smith
Anderson, S.  Demmer  Gottwalt  Kohls  Peppin  Siggum
Beard  Dettmer  Gunther  Lanning  Peterson, N.  Tinglestad
Berns  Dill  Hackbarth  Magnus  Ruth  Urdahl
Brod  Emmer  Hamilton  McFarlane  Seifert  Westrom
Buesgens  Erhardt  Heidgerken  McNamara  Severson  Zellers
Cornish  Erickson  Holberg  Nornes  Shimanski

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Olson et al amendment, as amended, to S. F. No. 2171, the third unofficial engrossment, as amended. The motion prevailed and the amendment, as amended, was adopted.

Olson, Erickson and Anderson, B., moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 416, line 21, after the period, insert "The commissioners shall include a definition of the term "quality" for uniform understanding of the plan's impact."

The motion prevailed and the amendment was adopted.

Anderson, B., and Olson moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Pages 467 and 468, delete section 53
Page 520, line 18, delete "$6,035,000" and insert "$6,080,000"
Page 522, delete lines 9 to 13
Renumber the sections in sequence and correct the internal references
Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Anderson, B., and Olson amendment and the roll was called. There were 50 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, B.  Berns  Cornish  Demmer  Erickson  Garofalo
Anderson, S.  Brod  Dean  Dettmer  Finstad  Gottwalt
Beard  Buesgens  DeLaForest  Emmer  Gardner  Gunther
Those who voted in the negative were:

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<th>Abeler</th>
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The motion did not prevail and the amendment was not adopted.

Olson, Erickson and Anderson, B., moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Pages 311 to 314, delete section 23

Pages 321 and 322, delete section 40

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Olson et al amendment and the roll was called. There were 39 yeas and 91 nays as follows:

Those who voted in the affirmative were:

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<td>Cornish</td>
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<td>Dean</td>
<td>Gottwalt</td>
<td>Howes</td>
<td>Paulsen</td>
<td>Smith</td>
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</tr>
</tbody>
</table>
Those who voted in the negative were:


The motion did not prevail and the amendment was not adopted.

Severson moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Pages 431 to 436, delete section 14

Page 523, line 11, after "biennium" insert "to the commissioner"

Page 523, line 12, delete "operating"

Page 523, line 13, delete "the CLEARCorps"

A roll call was requested and properly seconded.

The question was taken on the Severson amendment and the roll was called. There were 42 yeas and 88 nays as follows:

Those who voted in the affirmative were:


Those who voted in the negative were:

Abeler, Benson, Brod, Bunn, Dill, Doty, Anzelc, Bigham, Brown, Clark, Dittrich, Eken, Atkins, Bly, Brynaert, Davnie, Dominguez, Erhardt.
The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 353, delete section 28

Page 1, lines 17 and 18 of the Doty and Eken amendment to the Fritz et al amendment, adopted earlier today, delete "$38,000,000" and insert "$40,000,000"

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There were 49 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, B.  Dettmer  Gunther  Koenen  Otremba  Sviggum
Anderson, S.  Doty  Hackbarth  Kohls  Paulsen  Urdahl
Beard  Eken  Hamilton  Lanning  Peppin  Westrom
Brod  Emmer  Haws  Magnus  Ruth  Zellers
Buesgens  Erickson  Heidgerken  Marquart  McFarlane  Seifert
Cornish  Finstad  Holberg  McNamara  Shimanski  Simpson
Dean  Fritz  Hoppe  McPeek  Smolenski  Smith
DeLaForest  Garofalo  Hesch  Nornes  Simpson  Smith
Demmer  Gottwald  Howes  Olson  Smith

Those who voted in the negative were:

Abeler  Berns  Brynaert  Dill  Faust  Hausman
Anzelc  Bigham  Bunn  Dittrich  Gardner  Hillemann
Atkins  Bly  Clark  Dominguez  Greiling  Hilty
Benson  Brown  Davnie  Erhardt  Hansen  Hornstein
The motion did not prevail and the amendment was not adopted.

Berns, Madore, Gottwalt, Swails, Solberg and Westrom moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 140, after line 30, insert:

"Section 1. Minnesota Statutes 2006, section 256.482, subdivision 1, is amended to read:

Subdivision 1. Establishment; members. There is hereby established the Council on Disability which shall consist of 21 members appointed by the governor. Members shall be appointed from the general public and from organizations which provide services for persons who have a disability. A majority of council members shall be persons with a disability or parents or guardians of persons with a disability. There shall be at least one member of the council appointed from each of the state development regions. The commissioners of the Departments of Education, Human Services, Health, and Human Rights and the directors of the Rehabilitation Services and State Services for the Blind in the Department of Employment and Economic Development or their designees shall serve as ex officio members of the council without vote. In addition, the council may appoint ex officio members from other bureaus, divisions, or sections of state departments which are directly concerned with the provision of services to persons with a disability.

Notwithstanding the provisions of section 15.059, each member of the council appointed by the governor shall serve a three-year term and until a successor is appointed and qualified. The compensation and removal of all members shall be as provided in section 15.059. The council performs functions that are not purely advisory, therefore the expiration dates provided in section 15.059 do not apply. The governor shall appoint a chair of the council from among the members appointed from the general public or who are persons with a disability or their parents or guardians. Vacancies shall be filled by the authority for the remainder of the unexpired term.

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

Sec. 2. Minnesota Statutes 2006, section 256.482, subdivision 8, is amended to read:


EFFECTIVE DATE. This section is effective the day following final enactment."
Renumber the sections in sequence and correct the internal references
Adjust amounts accordingly
Amend the title accordingly

The motion prevailed and the amendment was adopted.

Seifert offered an amendment to S. F. No. 2171, the third unofficial engrossment, as amended.

POINT OF ORDER

Solberg raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills that the Seifert amendment was not in order. The Speaker ruled the point of order well taken and the Seifert amendment out of order.

Sviggum moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 1, line 19, of the Fritz et al amendment, as amended by the Doty and Eken amendment, adopted earlier today, delete "2009" and insert "2007"

Page 1, line 23, of the Fritz et al amendment, as amended by the Doty and Eken amendment, adopted earlier today, delete "2009" and insert "2007"

Page 376, delete article 8 and insert:

"ARTICLE 8

HEALTHY CONNECTIONS

Section 1. Minnesota Statutes 2006, section 13.46, subdivision 2, is amended to read:

Subd. 2. General. (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; evaluate the effectiveness of programs; and investigate suspected fraud;
(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual’s and their dependent’s names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Education, and the Department of Employment and Economic Development for the purpose of monitoring the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the Minnesota family investment program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256F, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;
(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;
(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions; or

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education; or

(30) pursuant to section 256L.02, subdivision 6, between the welfare system and the Minnesota Health Insurance Exchange, under section 62A.67, in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L and to administer the individual’s and their families’ participation in the program.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 2. [62A.67] MINNESOTA HEALTH INSURANCE EXCHANGE.

Subdivision 1. Title; citation. This section may be cited as the "Minnesota Health Insurance Exchange."
Subd. 2. Creation; tax exemption. The Minnesota Health Insurance Exchange is created for the limited purpose of providing individuals with greater access, choice, portability, and affordability of health insurance products. The Minnesota Health Insurance Exchange is a not-for-profit corporation under chapter 317A and section 501(c) of the Internal Revenue Code.

Subd. 3. Definitions. The following terms have the meanings given them unless otherwise provided in text.

(a) “Board” means the board of directors of the Minnesota Health Insurance Exchange under subdivision 13.

(b) “Commissioner” means:

(1) the commissioner of commerce for health insurers subject to the jurisdiction of the Department of Commerce;

(2) the commissioner of health for health insurers subject to the jurisdiction of the Department of Health; or

(3) either commissioner's designated representative.

(c) “Exchange” means the Minnesota Health Insurance Exchange.

(d) “HIPAA” means the Health Insurance Portability and Accountability Act of 1996.

(e) “Individual market health plans,” unless otherwise specified, means individual market health plans defined in section 62A.011 and MinnesotaCare II products as defined in chapter 256L.

(f) “Section 125 Plan” means a Premium Only Plan under section 125 of the Internal Revenue Code.

Subd. 4. Insurer and health plan participation. All health plans as defined in section 62A.011, subdivision 3, issued or renewed in the individual market shall participate in the exchange. No health plans in the individual market may be issued or renewed outside of the exchange. Group health plans as defined in section 62A.10 shall not be offered through the exchange. Health plans offered through the Minnesota Comprehensive Health Association as defined in section 62E.10 are offered through the exchange to eligible enrollees as determined by the Minnesota Comprehensive Health Association. Health plans offered through MinnesotaCare and MinnesotaCare II under chapter 256L are offered through the exchange to eligible enrollees as determined by the commissioner of human services.

Subd. 5. Approval of health plans. No health plan may be offered through the exchange unless the commissioner has first certified that:

(1) the insurer seeking to offer the health plan is licensed to issue health insurance in the state; and

(2) the health plan meets the requirements of this section, and the health plan and the insurer are in compliance with all other applicable health insurance laws.

Subd. 6. Individual market health plans. Individual market health plans offered through the exchange continue to be regulated by the commissioner as specified in chapters 62A, 62C, 62D, 62E, 62Q, and 72A, and must include the following provisions that apply to all health plans issued or renewed through the exchange:

(1) premiums for children under the age of 19 shall not vary by age in the exchange; and
(2) premiums for children under the age of 19 must be excluded from rating factors requirements under section 62A.65, subdivision 3, paragraph (b).

Subd. 7. MinnesotaCare II health plans. Health plans approved for MinnesotaCare II under section 256L.075 shall be offered by participating insurers to exchange participants not enrolled in MinnesotaCare II.

Subd. 8. Individual participation and eligibility. Individuals are eligible to purchase health plans directly through the exchange or through an employer Section 125 Plan under section 62A.68. Nothing in this section requires guaranteed issue of individual market health plans offered through the exchange. Individuals are eligible to purchase individual market health plans through the exchange by meeting one or more of the following qualifications:

(1) the individual is a Minnesota resident, meaning the individual is physically residing on a permanent basis in a place that is the person’s principal residence and from which the person is absent only for temporary purposes;

(2) the individual is a student attending an institution outside of Minnesota and maintains Minnesota residency;

(3) the individual is not a Minnesota resident but is employed by an employer physically located within the state and the individual’s employer does not offer a group health insurance plan as defined in section 62A.10, but does offer a Section 125 Plan through the exchange under section 62A.68;

(4) the individual is not a Minnesota resident but is self-employed and the individual’s principal place of business is in the state; or

(5) the individual is a dependent as defined in section 62L.02, of another individual who is eligible to participate in the exchange.

Subd. 9. Continuation of coverage. Enrollment in a health plan may be canceled for nonpayment of premiums, fraud, or changes in eligibility for MinnesotaCare under chapter 256L. Enrollment in an individual market health plan may not be canceled or renewed because of any change in employer or employment status, marital status, health status, age, residence, or any other change that does not affect eligibility as defined in this section.

Subd. 10. Responsibilities of the exchange. The exchange shall serve as the sole entity for enrollment and collection and transfer of premium payments for health plans offered through the exchange. The exchange shall be responsible for the following functions:

(1) publicize the exchange, including but not limited to its functions, eligibility rules, and enrollment procedures;

(2) provide assistance to employers to set up an employer Section 125 Plan under section 62A.68;

(3) create a system to allow individuals to compare and enroll in health plans offered through the exchange;

(4) create a system to collect and transmit to the applicable plans all premium payments or contributions made by or on behalf of individuals, including developing mechanisms to receive and process automatic payroll deductions for individuals enrolled in employer Section 125 Plans;

(5) refer individuals interested in MinnesotaCare or MinnesotaCare II under chapter 256L to the Department of Human Services to determine eligibility;

(6) establish a mechanism with the Department of Human Services to transfer premiums and subsidies for MinnesotaCare and MinnesotaCare II to qualify for federal matching payments;
(7) administer bonus accounts as defined in chapter 256L to reimburse MinnesotaCare II enrollees for qualified medical expenses under section 213(d) of the Internal Revenue Code;

(8) collect and assess information for eligibility for bonus accounts and premium incentives under chapter 256L;

(9) upon request, issue certificates of previous coverage according to the provisions of HIPAA and as referenced in section 62Q.181 to all such individuals who cease to be covered by a participating health plan through the exchange;

(10) establish procedures to account for all funds received and disbursed by the exchange for individual participants of the exchange; and

(11) make available to the public, at the end of each calendar year, a report of an independent audit of the exchange’s accounts.

Subd. 11. Powers of the exchange. The exchange shall have the power to:

(1) contract with insurance producers licensed in accident and health insurance under chapter 60K and vendors to perform one or more of the functions specified in subdivision 10;

(2) contract with employers to act as the plan administrator for participating employer Section 125 Plans and to undertake the obligations required by federal law of a plan administrator;

(3) establish and assess fees on health plan premiums of health plans purchased through the exchange to fund the cost of administering the exchange;

(4) seek and directly receive grant funding from government agencies or private philanthropic organizations to defray the costs of operating the exchange;

(5) establish and administer rules and procedures governing the operations of the exchange;

(6) establish one or more service centers within Minnesota;

(7) sue or be sued or otherwise take any necessary or proper legal action;

(8) establish bank accounts and borrow money; and

(9) enter into agreements with the commissioners of commerce, health, human services, revenue, employment and economic development, and other state agencies as necessary for the exchange to implement the provisions of this section.

Subd. 12. Dispute resolution. The exchange shall establish procedures for resolving disputes with respect to the eligibility of an individual to participate in the exchange. The exchange does not have the authority or responsibility to intervene in or resolve disputes between an individual and a health plan or health insurer. The exchange shall refer complaints from individuals participating in the exchange to the commissioner of human services to be resolved according to sections 62Q.68 to 62Q.73.

Subd. 13. Governance. The exchange shall be governed by a board of directors with 11 members. The board shall convene on or before July 1, 2007, after the initial board members have been selected. The initial board membership consists of the following:
(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by a joint committee of the Minnesota senate and the Minnesota house of representatives to serve three-year terms; and

(5) four members appointed by the governor to serve three-year terms.

Subd. 14. Subsequent board membership. Ongoing membership of the exchange consists of the following effective July 1, 2010:

(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by the governor with the approval of a joint committee of the senate and house of representatives to serve two- or three-year terms. Appointed members may serve more than one term; and

(5) four members elected by the membership of the exchange of which two are elected to serve a two-year term and two are elected to serve a three-year term. Elected members may serve more than one term.

Subd. 15. Operations of the board. Officers of the board of directors are elected by members of the board and serve one-year terms. Six members of the board constitutes a quorum, and the affirmative vote of six members of the board is necessary and sufficient for any action taken by the board. Board members serve without pay, but are reimbursed for actual expenses incurred in the performance of their duties.

Subd. 16. Operations of the exchange. The board of directors shall appoint an exchange director who shall:

(1) be a full-time employee of the exchange;

(2) administer all of the activities and contracts of the exchange; and

(3) hire and supervise the staff of the exchange.

Subd. 17. Insurance producers. When a producer licensed in accident and health insurance under chapter 60K enrolls an eligible individual in the exchange, the health plan chosen by an individual may pay the producer a commission.

Subd. 18. Implementation. Health plan coverage through the exchange begins on January 1, 2009. The exchange must be operational to assist employers and individuals by September 1, 2008, and be prepared for enrollment by December 1, 2008. Enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association as of December 2, 2008, are automatically enrolled in the exchange on January 1, 2009, in the same health plan and at the same premium that they were enrolled as of December 2, 2008, subject to the provisions of this section. As of January 1, 2009, all enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association shall make premium payments to the exchange.
Subd. 19. **Study of insurer issue requirements.** In consultation with the commissioners of commerce and health, the exchange shall study and make recommendations on rating requirements and risk adjustment mechanisms that could be implemented to facilitate increased enrollment in the exchange by employers and employees through employer Section 125 Plans. The exchange shall report study findings and recommendations to the chairs of house and senate committees having jurisdiction over commerce and health by January 15, 2011.

Sec. 3. **[62A.68] SECTION 125 PLANS.**

Subdivision 1. **Definitions.** The following terms have the meanings given unless otherwise provided in text:

(a) "Current employee" means an employee currently on an employer’s payroll other than a retiree or disabled former employee.

(b) "Employer" means a person, firm, corporation, partnership, association, business trust, or other entity employing one or more persons, including a political subdivision of the state, filing payroll tax information on such employed person or persons.

(c) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.

(d) "Exchange" means the Minnesota Health Insurance Exchange under section 62A.67.

(e) "Exchange director" means the appointed director under section 62A.67, subdivision 16.

Subd. 2. **Section 125 Plan requirement.** Effective January 1, 2009, all employers with 11 or more current employees shall offer a Section 125 Plan through the exchange to allow their employees to pay for health insurance premiums with pretax dollars. The following employers are exempt from the Section 125 Plan requirement:

(1) employers that offer a group health insurance plan as defined in 62A.10;

(2) employers that offer group health insurance through a self-insured plan as defined in section 62E.02; and

(3) employers with fewer than 11 current employees, except that employers under this clause may voluntarily offer a Section 125 Plan.

Subd. 3. **Tracking compliance.** By July 1, 2008, the exchange, in consultation with the commissioners of commerce, health, employment and economic development, and revenue shall establish a method for tracking employer compliance with the Section 125 Plan requirement.

Subd. 4. **Employer requirements.** Employers that are required to offer or choose to offer a Section 125 Plan through the exchange shall enter into an annual binding agreement with the exchange, which includes the terms in paragraphs (a) to (h).

(a) The employer shall designate the exchange director to be the plan's administrator for the employer's plan and the exchange director agrees to undertake the obligations required of a plan administrator under federal law.

(b) Only the coverage and benefits offered by participating insurers in the exchange constitutes the coverage and benefits of the participating employer plan.

(c) Any individual eligible to participate in the exchange may elect coverage under any participating health plan for which they are eligible, and neither the employer nor the exchange shall limit choice of coverage from among all the participating insurance plans for which the individual is eligible.
(d) The employer shall deduct premium amounts on a pretax basis in an amount not to exceed an employee's wages and make payments to the exchange as directed by employees for health plans employees enroll in through the exchange.

(e) The employer shall not offer individuals eligible to participate in the exchange any separate or competing group health plan under section 62A.10.

(f) The employer reserves the right to determine the terms and amounts of the employer's contribution to the plan, if any.

(g) The employer shall make available to the exchange any of the employer's documents, records, or information, including copies of the employer's federal and state tax and wage reports that are necessary for the exchange to verify:

1. that the employer is in compliance with the terms of its agreement with the exchange governing the participating employer plan;

2. that the participating employer plan is in compliance with applicable state and federal laws, including those relating to nondiscrimination in coverage; and

3. the eligibility of those individuals enrolled in the participating employer plan.

(h) The exchange shall not provide the participating employer plan with any additional or different services or benefits not otherwise provided or offered to all other participating employer plans.

Subd. 5. Section 125 eligible health plans. Individuals eligible to enroll in health plans through an employer Section 125 Plan through the exchange may enroll in any health plan offered through the exchange for which the individual is eligible including individual market health plans, MinnesotaCare and MinnesotaCare II, and the Minnesota Comprehensive Health Association.

Sec. 4. Minnesota Statutes 2006, section 62E.141, is amended to read:

62E.141 INCLUSION IN EMPLOYER-SPONSORED PLAN.

No employee of an employer that offers a group health plan, under which the employee is eligible for coverage, is eligible to enroll, or continue to be enrolled, in the comprehensive health association, except for enrollment or continued enrollment necessary to cover conditions that are subject to an unexpired preexisting condition limitation, preexisting condition exclusion, or exclusionary rider under the employer's health plan. This section does not apply to persons enrolled in the Comprehensive Health Association as of June 30, 1993. With respect to persons eligible to enroll in the health plan of an employer that has more than 29 current employees, as defined in section 62L.02, this section does not apply to persons enrolled in the Comprehensive Health Association as of December 31, 1994.

Sec. 5. Minnesota Statutes 2006, section 62L.12, subdivision 2, is amended to read:

Subd. 2. Exceptions. (a) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage under section 62D.104 as a result of leaving a health maintenance organization’s service area.

(b) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage as a result of the expiration of any continuation of group coverage required under sections 62A.146, 62A.17, 62A.21, 62C.142, 62D.101, and 62D.105.
(c) A health carrier may sell, issue, or renew conversion policies under section 62E.16 to eligible employees.

(d) A health carrier may sell, issue, or renew individual continuation policies to eligible employees as required.

(e) A health carrier may sell, issue, or renew individual health plans if the coverage is appropriate due to an unexpired preexisting condition limitation or exclusion applicable to the person under the employer's group health plan or due to the person's need for health care services not covered under the employer's group health plan.

(f) A health carrier may sell, issue, or renew an individual health plan, if the individual has elected to buy the individual health plan not as part of a general plan to substitute individual health plans for a group health plan nor as a result of any violation of subdivision 3 or 4.

(g) Nothing in this subdivision relieves a health carrier of any obligation to provide continuation or conversion coverage otherwise required under federal or state law.

(h) Nothing in this chapter restricts the offer, sale, issuance, or renewal of coverage issued as a supplement to Medicare under sections 62A.3099 to 62A.44, or policies or contracts that supplement Medicare issued by health maintenance organizations, or those contracts governed by sections 1833, 1851 to 1859, 1860D, or 1876 of the federal Social Security Act, United States Code, title 42, section 1395 et seq., as amended.

(i) Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans necessary to comply with a court order.

(j) A health carrier may offer, issue, sell, or renew an individual health plan to persons eligible for an employer group health plan, if the individual health plan is a high deductible health plan for use in connection with an existing health savings account, in compliance with the Internal Revenue Code, section 223. In that situation, the same or a different health carrier may offer, issue, sell, or renew a group health plan to cover the other eligible employees in the group.

(k) A health carrier may offer, sell, issue, or renew an individual health plan to one or more employees of a small employer if the individual health plan is marketed directly to all employees of the small employer and the small employer does not contribute directly or indirectly to the premiums or facilitate the administration of the individual health plan. The requirement to market an individual health plan to all employees does not require the health carrier to offer or issue an individual health plan to any employee. For purposes of this paragraph, an employer is not contributing to the premiums or facilitating the administration of the individual health plan if the employer does not contribute to the premium and merely collects the premiums from an employee's wages or salary through payroll deductions and submits payment for the premiums of one or more employees in a lump sum to the health carrier. Except for coverage under section 62A.65, subdivision 5, paragraph (b), or 62E.16, at the request of an employee, the health carrier may bill the employer for the premiums payable by the employee, provided that the employer is not liable for payment except from payroll deductions for that purpose. If an employer is submitting payments under this paragraph, the health carrier shall provide a cancellation notice directly to the primary insured at least ten days prior to termination of coverage for nonpayment of premium. Individual coverage under this paragraph may be offered only if the small employer has not provided coverage under section 62L.03 to the employees within the past 12 months.

The employer must provide a written and signed statement to the health carrier that the employer is not contributing directly or indirectly to the employee's premiums. The health carrier may rely on the employer's statement and is not required to guarantee-issue individual health plans to the employer's other current or future employees.
Sec. 6. [256.962] MINNESOTA HEALTH CARE PROGRAMS OUTREACH.

Subdivision 1. Public awareness and education. The commissioner shall design and implement a statewide campaign to raise public awareness on the availability of health coverage through medical assistance, general assistance medical care, and MinnesotaCare and to educate the public on the importance of obtaining and maintaining health care coverage. The campaign shall include multimedia messages directed to the general population.

Subd. 2. Outreach grants. (a) The commissioner shall award grants to public and private organizations or regional collaboratives for outreach activities, including, but not limited to:

(1) providing information, applications, and assistance in obtaining coverage through Minnesota public health care programs;

(2) collaborating with public and private entities such as hospitals, providers, health plans, legal aid offices, pharmacies, insurance agencies, and faith-based organizations to develop outreach activities and partnerships to ensure the distribution of information and applications and provide assistance in obtaining coverage through Minnesota health care programs; and

(3) providing or collaborating with public and private entities to provide multilingual and culturally specific information and assistance to applicants in areas of high uninsurance in the state or populations with high rates of uninsurance.

(b) The commissioner shall ensure that all outreach materials are available in languages other than English.

(c) The commissioner shall establish an outreach trainer program to provide training to designated individuals from the community and public and private entities on application assistance in order for these individuals to provide training to others in the community on an as-needed basis.

Subd. 3. Application and assistance. (a) The Minnesota health care programs application must be made available at provider offices, local human services agencies, school districts, public and private elementary schools in which 25 percent or more of the students receive free or reduced price lunches, community health offices, Women, Infants and Children (WIC) program sites, Head Start program sites, public housing councils, child care centers, early childhood education and preschool program sites, legal aid offices, and libraries. The commissioner shall ensure that applications are available in languages other than English.

(b) Local human service agencies, hospitals, and health care community clinics receiving state funds must provide direct assistance in completing the application form, including the free use of a copy machine and a drop box for applications. These locations must ensure that the drop box is checked at least weekly and any applications are submitted to the commissioner. The commissioner shall provide these entities with an identification number to stamp on each application to identify the entity that provided assistance. Other locations where applications are required to be available shall either provide direct assistance in completing the application form or provide information on where an applicant can receive application assistance.

(c) Counties must offer applications and application assistance when providing child support collection services.

(d) Local public health agencies and counties that provide immunization clinics must offer applications and application assistance during these clinics.
(e) The commissioner shall coordinate with the commissioner of health to ensure that maternal and child health outreach efforts include information on Minnesota health care programs and application assistance, when needed.

**Subd. 4. Statewide toll-free telephone number.** The commissioner shall provide funds for a statewide toll-free telephone number to provide information on public and private health coverage options and sources of free and low-cost health care. The statewide telephone number must provide the option of obtaining this information in languages other than English.

**Subd. 5. Incentive program.** The commissioner shall establish an incentive program for organizations that directly identify and assist potential enrollees in filling out and submitting an application. For each applicant who is successfully enrolled in MinnesotaCare, medical assistance, or general assistance medical care, the commissioner shall pay the organization a $25 application assistance bonus. The organization may provide an applicant a gift certificate or other incentive upon enrollment.

**Subd. 6. School districts.** (a) At the beginning of each school year, a school district shall provide information to each student on the availability of health care coverage through the Minnesota health care programs.

(b) For each child who is determined to be eligible for a free or reduced priced lunch, the district shall provide the child's family with an application for the Minnesota health care programs and information on how to obtain application assistance.

(c) A district shall also ensure that applications and information on application assistance are available at early childhood education sites and public schools located within the district's jurisdiction.

(d) Each district shall designate an enrollment specialist to provide application assistance and follow-up services with families who are eligible for the reduced or free lunch program or who have indicated an interest in receiving information or an application for the Minnesota health care program.

(e) Each school district shall provide on their Web site a link to information on how to obtain an application and application assistance.

**Subd. 7. Renewal notice.** (a) The commissioner shall mail a renewal notice to enrollees notifying the enrollees that the enrollees eligibility must be renewed. A notice shall be sent at least 90 days prior to the renewal date and at least 60 days prior to the renewal date.

(b) For enrollees who are receiving services through managed care plans, the managed care plan must provide a follow-up renewal call at least 60 days prior to the enrollees' renewal dates.

(c) The commissioner shall include the end of coverage dates on the monthly rosters of enrollees provided to managed care organizations.

Sec. 7. Minnesota Statutes 2006, section 256B.057, subdivision 8, is amended to read:

**Subd. 8. Children under age two.** Medical assistance may be paid for a child under two years of age whose countable family income is above 275 percent of the federal poverty guidelines for the same size family but less than or equal to 305 percent of the federal poverty guidelines for the same size family.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.
Sec. 8. Minnesota Statutes 2006, section 256L.02, subdivision 3, is amended to read:

Subd. 3. **Financial management.** (a) The commissioner shall manage spending for the MinnesotaCare program in a manner that maintains a minimum reserve. As part of each state revenue and expenditure forecast, the commissioner must make an assessment of the expected expenditures for the covered services for the remainder of the current biennium and for the following biennium. The estimated expenditure, including the reserve, shall be compared to an estimate of the revenues that will be available in the health care access fund. Based on this comparison, and after consulting with the chairs of the house Ways and Means Committee and the senate Finance Committee, and the Legislative Commission on Health Care Access, the commissioner shall, as necessary, make the adjustments specified in paragraph (b) to ensure that expenditures remain within the limits of available revenues for the remainder of the current biennium and for the following biennium. The commissioner shall not hire additional staff using appropriations from the health care access fund until the commissioner of finance makes a determination that the adjustments implemented under paragraph (b) are sufficient to allow MinnesotaCare expenditures to remain within the limits of available revenues for the remainder of the current biennium and for the following biennium.

(b) The adjustments the commissioner shall use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days' notice, stop coverage of single adults and households without children already enrolled in the MinnesotaCare program; third, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the MinnesotaCare program. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner shall further limit enrollment or decrease premium subsidies.

(c) The commissioner shall work in cooperation with the Minnesota Health Insurance Exchange under section 62A.67 to make adjustments under paragraph (b) as required under this subdivision.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 9. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

Subd. 5. **Enrollment responsibilities.** According to section 256L.05, subdivision 6, effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 shall assume responsibility for enrolling eligible applicants and enrollees in a health plan for MinnesotaCare coverage. The commissioner shall maintain responsibility for determining eligibility for MinnesotaCare.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 10. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

Subd. 6. **Exchange of data.** An entity that is part of the welfare system as defined in section 13.46, subdivision 1, paragraph (c), and the Minnesota Health Insurance Exchange under section 62A.67 may exchange private data about individuals without the individual's consent in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L and to administer the individual's and the individual's family's participation in the program. This subdivision only applies if the entity that is part of the welfare system and the Minnesota Health Insurance Exchange have entered into an agreement that complies with the requirements in Code of Federal Regulations, title 45, section 164.314.
Sec. 11. Minnesota Statutes 2006, section 256L.04, subdivision 1, is amended to read:

Subdivision 1. **Families with children.** (a) A child in a family with family income equal to or less than 300 percent of the federal poverty guidelines for the applicable family size is eligible for MinnesotaCare under this section. Adults in families with children with family income equal to or less than 275 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, shall apply unless otherwise specified.

(b) Parents who enroll in the MinnesotaCare program must also enroll their children, if the children are eligible. Children may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. If one spouse in a household enrolls, the other spouse in the household must also enroll, unless other insurance is available. Families cannot choose to enroll only certain uninsured members.

(c) Beginning October 1, 2003, the dependent sibling definition no longer applies to the MinnesotaCare program. These persons are no longer counted in the parental household and may apply as a separate household.

(d) Beginning July 1, 2003, or upon federal approval, whichever is later, parents are not eligible for MinnesotaCare if their gross income exceeds $50,000.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 12. Minnesota Statutes 2006, section 256L.05, subdivision 5, is amended to read:

Subd. 5. **Availability of private insurance.** (a) The commissioner, in consultation with the commissioners of health and commerce, shall provide information regarding the availability of private health insurance coverage and the possibility of disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), to all: (1) families enrolled in the MinnesotaCare program whose gross family income is equal to or more than 225 percent of the federal poverty guidelines; and (2) single adults and households without children enrolled in the MinnesotaCare program whose gross family income is equal to or more than 165 percent of the federal poverty guidelines. This information must be provided upon initial enrollment and annually thereafter. The commissioner shall also include information regarding the availability of private health insurance coverage provided by the Minnesota Health Insurance Exchange under section 62A.67.

(b) The notice of ineligibility provided to persons subject to disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), must include information about assistance with identifying and selecting private health insurance coverage provided by the Minnesota Health Insurance Exchange under section 62A.67.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 13. Minnesota Statutes 2006, section 256L.05, is amended by adding a subdivision to read:

Subd. 6. **Minnesota Health Insurance Exchange.** The commissioner shall refer all MinnesotaCare applicants and enrollees to the Minnesota Health Insurance Exchange under section 62A.67. The Minnesota Health Insurance Exchange shall provide those referred with assistance in selecting a managed care plan through which to receive
MinnesotaCare covered services and in analyzing health plans available through the private market. MinnesotaCare applicants and enrollees shall effect enrollment in a managed care plan or a private market health plan through the Minnesota Health Insurance Exchange.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 14. Minnesota Statutes 2006, section 256L.06, subdivision 3, is amended to read:

Subd. 3. Commissioner’s duties and payment. (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments at the time of eligibility renewal, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.

(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month for which the premium was due. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll until four calendar months have elapsed. Persons disenrolled for nonpayment who pay all past due premiums as well as current premiums due for the period of disenrollment, within 20 days of disenrollment, shall be reenrolled retroactively to the first day of disenrollment. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll for four calendar months unless the person demonstrates good cause for nonpayment. Good cause does not exist if a person chooses to pay other family expenses instead of the premium. The commissioner shall define good cause in rule.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 15. [256L.075] MINNESOTACARE II OPTION ESTABLISHED.

Subdivision 1. Program established; enrollment. The Minnesota Health Insurance Exchange under section 62A.67, in consultation with the commissioner, shall establish and administer a program that subsidizes the purchase of private market health plans for children eligible for MinnesotaCare in families with family income above 200 percent, but not exceeding 300 percent, of the federal poverty guidelines. The program established under this section is referred to as MinnesotaCare II. The private market health coverage provided under this section is an alternative to coverage under section 256L.03. Notwithstanding section 256L.12, children obtaining coverage under this section shall enroll in a health plan, as defined in section 62A.011, subdivision 3, through the individual market, that covers, at a minimum, the standard benefit set established in subdivision 2. Enrollment under this section is administered by the Minnesota Health Insurance Exchange. Eligibility under this section is determined by the commissioner. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, apply to this section unless otherwise specified.
Subd. 2. Benefit set. The Minnesota Health Insurance Exchange, in consultation with the commissioner, shall establish a standard benefit set for health plans that qualify for a subsidy under this section. The standard benefit set must be reviewed, and, if necessary, modified on an annual basis. Notwithstanding section 256L.03, subdivision 5, the benefit set may require co-payments, deductibles, and maximum annual out-of-pocket enrollee cost-sharing limits.

Subd. 3. Health carrier participation. (a) Health insurers with at least three percent of the market share of premium volume from individual market health plans as determined from loss ratio reports filed under section 62A.021, subdivision 1, paragraph (h), shall offer at least one health plan that covers the standard benefit set, or its actuarial equivalent as determined by the commissioner of commerce, to children enrolled under this section. Health issuers shall offer a health plan that covers the standard benefit set, without a subsidy, to adults so that families can enroll in a single plan. Health insurers that are not required to participate may participate voluntarily. The Minnesota Health Insurance Exchange shall certify those health plans that meet the standards in subdivision 2 and qualify for a subsidy under this section.

(b) Health insurers offering coverage under this section may offer up to three additional health plan products approved by the commissioner of commerce as actuarially equivalent or better than the standard plan established in subdivision 2. The additional products must also qualify for a subsidy if purchased to cover children eligible under this section.

(c) Nothing in this subdivision requires guaranteed issue of MinnesotaCare II health plans.

Subd. 4. State subsidy; premium. The cost of coverage for children enrolled under this section is subsidized based on a sliding scale. The amount of the subsidy provided for a child is equal to the cost of the least expensive health plan certified to participate under this section less an amount equal to one-half of the premium that would be paid for the child under section 256L.15, subdivision 2. The commissioner shall pay the subsidy to the Minnesota Health Insurance Exchange. The premium for a child enrolled under this section is equal to the difference between the cost of the health plan through which the coverage is provided and the amount of the subsidy. The premium must be paid to the Minnesota Health Insurance Exchange.

Subd. 5. Enrollment; limitation on changing plans. Notwithstanding section 256L.04, subdivision 1, individual children in a family may enroll under this section or under section 256L.03. A child enrolled under this section may change health plans or switch to coverage under section 256L.03 at the time of annual renewal. An enrollee may change health plans or switch to coverage under section 256L.03 at other times during the year if the family of the child experiences a qualifying life event, including, but not limited to, marriage, divorce, a change in dependent status, change in family size, or a change in eligibility for state health care programs under this chapter or chapter 256B or 256D.

Subd. 6. Bonus accounts incentive. The Minnesota Health Insurance Exchange shall administer bonus accounts for families with children enrolled under this section. Funds must be credited to a bonus account when a child covered under this section achieves specific goals for preventive services or healthy behaviors. Funds credited to an account can be used by a family to reimburse qualified medical expenses as defined in Internal Revenue Code, section 213(d). The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish a schedule of preventive service and healthy behavior goals that qualify for a credit and corresponding credit amounts. Families with children enrolled under this section can qualify for credits of up to $50 per year per child, up to a maximum of $150 per year per family. Funds held in the account are available to a family until:

(1) there is no longer a child under age 21 in the family; or

(2) no child in the family has been enrolled under chapter 256B or 256L, or in a health plan through the Minnesota Health Insurance Exchange for the past six months.
Subd. 7. Federal approval. The commissioner shall seek all federal waivers and approvals necessary to implement and receive federal financial participation for expenditures under this section.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 16. Minnesota Statutes 2006, section 256L.12, subdivision 7, is amended to read:

Subd. 7. Managed care plan vendor requirements. The following requirements apply to all counties or vendors who contract with the Department of Human Services to serve MinnesotaCare recipients. Managed care plan contractors:

(1) shall authorize and arrange for the provision of the full range of services listed in section 256L.03 in order to ensure appropriate health care is delivered to enrollees;

(2) shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees;

(4) shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;

(5) shall retain all revenue from enrollee co-payments;

(6) shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

(7) shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity, beyond that which is required to comply with chapters 62C and 62D; and

(8) shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services; and

(9) shall participate in the Minnesota Health Insurance Exchange under section 62A.67 for the purpose of enrolling individuals under this chapter.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 17. Minnesota Statutes 2006, section 256L.15, subdivision 1a, is amended to read:

Subd. 1a. Payment options. (a) The commissioner may offer the following payment options to an enrollee:

(1) payment by check;

(2) payment by credit card;

(3) payment by recurring automatic checking withdrawal;
(4) payment by onetime electronic transfer of funds;

(5) payment by wage withholding with the consent of the employer and the employee; or

(6) payment by using state tax refund payments.

At application or reapplication, a MinnesotaCare applicant or enrollee may authorize the commissioner to use the Revenue Recapture Act in chapter 270A to collect funds from the applicant's or enrollee's refund for the purposes of meeting all or part of the applicant's or enrollee's MinnesotaCare premium obligation. The applicant or enrollee may authorize the commissioner to apply for the state working family tax credit on behalf of the applicant or enrollee. The setoff due under this subdivision shall not be subject to the $10 fee under section 270A.07, subdivision 1.

(b) Effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 is responsible for collecting MinnesotaCare premiums.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 18. Minnesota Statutes 2006, section 256L.15, subdivision 2, is amended to read:

Subd. 2. Sliding fee scale; monthly gross individual or family income. (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee’s monthly gross individual or family income. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. The sliding fee scale begins with a premium of 1.5 percent of monthly gross individual or family income for individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. Effective October 1, 2003, the commissioner shall increase each percentage by 0.5 percentage points for enrollees with income greater than 100 percent but not exceeding 200 percent of the federal poverty guidelines and shall increase each percentage by 1.0 percentage points for families and children with incomes greater than 200 percent of the federal poverty guidelines. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports increased income after enrollment, premiums shall not be adjusted at the time the change in income is reported until eligibility renewal.

(b) Beginning January 1, 2009, a new sliding fee scale premium schedule is established for children. The premium schedule for children must be used in conjunction with the premium schedule in paragraph (a) for adults to calculate a single MinnesotaCare premium for a family. The sliding fee scale begins with a premium of $11 per child for households with incomes equal to or greater than 150 percent of the federal poverty guidelines. Premiums must be adjusted at evenly spaced income steps at increments of five percent of the federal poverty guidelines to a maximum premium of $88 per child for households with incomes equal to 300 percent of the federal poverty guidelines. Premiums must be calculated for up to three children per family. Premiums for children must be adjusted annually at an amount that is proportional to the annual adjustment in premiums for adults. The sliding fee scale in this paragraph does not apply to children enrolled under section 256L.075.

(b) (c) Children in families whose gross income is above 275 300 percent of the federal poverty guidelines shall pay the maximum premium. The maximum premium is defined as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare cases paid the maximum premium, the total revenue would equal the total cost
of MinnesotaCare medical coverage and administration. In this calculation, administrative costs shall be assumed to equal ten percent of the total. The costs of medical coverage for pregnant women and children under age two and the enrollees in these groups shall be excluded from the total. The maximum premium for two enrollees shall be twice the maximum premium for one, and the maximum premium for three or more enrollees shall be three times the maximum premium for one.

(c) After calculating the percentage of premium each enrollee shall pay under paragraph (a), eight percent shall be added to the premium.

**EFFECTIVE DATE.** Paragraphs (a) and (b) are effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained. Paragraph (c) is effective July 1, 2007.

Sec. 19. Minnesota Statutes 2006, section 256L.15, is amended by adding a subdivision to read:

**Subd. 5. Premium discount incentive.** Adults and families with children are eligible for a premium reduction of $3 per month for each child who met goals for preventive care or an adult who met goals for cardiac or diabetes care in the previous calendar year. The maximum premium reduction may not exceed $15 per month per family. The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish specific goals for preventive care, including cardiac and diabetes care, that make an enrollee eligible for the premium reduction. The premium discount incentive is administered by the Minnesota Health Insurance Exchange under section 62A.67. Children enrolled under section 256L.075 are not eligible for the premium discount incentive.

**EFFECTIVE DATE.** This section is effective January 1, 2009."

Page 478, line 9, delete "$6,416,000" and insert "$22,416,000"

Page 478, line 10, delete "$5,643,000" and insert "$29,643,000"

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called. There were 44 yeas and 86 nays as follows:

Those who voted in the affirmative were:

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<th>Abeler</th>
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<th>Kohls</th>
<th>Peppin</th>
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<td>Anderson, B.</td>
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<td>Gunther</td>
<td>Lanning</td>
<td>Ruth</td>
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<td>Magnus</td>
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<td>Garofalo</td>
<td>Howes</td>
<td>Paulsen</td>
<td>Svigggum</td>
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Those who voted in the negative were:

Anzelc Erhardt Johnson Mahoney Pelowski Thao
Atkins Faust Juhnke Mariani Peterson, A. Thissen
Benson Fritz Kahn Marquart Peterson, N. Tillberry
Bigham Gardner Kalin Masin Peterson, S. Tschumper
Bly Greiling Knuth Moe Poppe Wagenius
Brown Hansen Koenen Morgan Rukavina Walker
Brynaert Hausman Kranz Morrow Ruud Ward
Bunn Haws Laine Mullery Sailer Welti
Clark Hilstrom Lenczewski Murphy, E. Scalze Winkler
Davnie Hilty Lesch Murphy, M. Sertich Wollschlager
Dill Hornstein Liebling Nelson Simon Spk. Kelliher
Dittrich Hortman Lieder Norton Slawik
Dom inguez Hosch Lillie Olin Slocum
Doty Huntley Loeffler Otremba Solberg
Eken Jaros Madore Paymar Swails

The motion did not prevail and the amendment was not adopted.

Peppin moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 331, line 24, after "2008," insert "but only if the commissioner of commerce completes an evaluation of the language interpreter mandate under section 62J.26."

A roll call was requested and properly seconded.

The question was taken on the Peppin amendment and the roll was called. There were 38 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Anderson, B. DeLaForest Gottwald Magnus Ruth Udahl
Anderson, S. Demmer Gunther McFarlane Seifert Westrom
Beard Dettmer Heidgerken McNamara Severson Zellers
Berns Emmer Holberg Nornes Shiman ski
Brod Erickson Hoppe Olson Simpson
Buesgens Finstad Kohls Paulsen Smith
Cornish Garofalo Lanning Peppin S viggum

Those who voted in the negative were:

Abeler Clark Faust Hornstein Kalin Lillie
Anzelc Davnie Fritz Hortman Knuth Loeffler
Atkins Dean Gardner Hosch Koenen Madore
Benson Dill Greiling Howes Kranz Mahoney
Bigham Dittrich Hansen Huntley Laine Mariani
Bly Dominguez Hausman Jaros Lenczewski Marquart
Brown Doty Haws Johnson Lesch Masin
Brynaert Eken Hilstrom Juhnke Liebling Moe
Bunn Erhardt Hilty Kahn Lieder Morgan
The motion did not prevail and the amendment was not adopted.

Dean moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 496, after line 22, insert:

"Of this amount, $1,000,000 each year is for the commissioner of human services to provide an additional reduction in the parental fee assessed under Minnesota Statutes, section 252.27, subdivision 2a, for children enrolled in medical assistance under Minnesota Statutes, section 256B.055, subdivision 12."

Page 513, delete lines 28 to 30

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Dean amendment and the roll was called. There were 49 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Anderson, B. Dettmer Hackberth Kohls Pelowski Urdahl
Anderson, S. Eken Hamilton Lanning Peppin Ward
Beard Emmer Haws Magnus Ruth Westrom
Brod Erickson Heidgerken McNamara Seifert Zellers
Buesgens Finstad Holberg Nornes Severson
Cornish Fritz Hoppe Olin Shimanski
Dean Garofalo Hosch Olson Simpson
DeLaForest Gottwalt Howes Otremba Smith
Demmer Gunther Koenen Paulsen Sviggum

Those who voted in the negative were:

Abeler Brynaert Erhardt Hornstein Knuth Loeffler
Anzelc Bunn Faust Hortman Kranz Madore
Atkins Clark Gardner Huntley Laine Mahoney
Benson Davnie Greiling Jaros Lenczewski Mariani
Bents Davnie Hansen Johnson Lesch Marquart
Bigham Dittrich Hausman Juhnke Liebling Masin
Bly Dominguez Hiilstrom Kahn Lieder McFarlane
Brown Doty Hilty Kalin Lillie Moe
The motion did not prevail and the amendment was not adopted.

Laine and Abeler moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 314, after line 17, insert:

"Sec. 25. Minnesota Statutes 2006, section 144.651, subdivision 9, is amended to read:

Subd. 9. Information about treatment. Patients and residents shall be given by their physicians complete and current information concerning their diagnosis, treatment, alternatives, risks, and prognosis as required by the physician's legal duty to disclose. This information shall be in terms and language the patients or residents can reasonably be expected to understand. Patients and residents may be accompanied by a family member or other chosen representative, or both. This information shall include the likely medical or major psychological results of the treatment and its alternatives. In cases where it is medically inadvisable, as documented by the attending physician in a patient's or resident's medical record, the information shall be given to the patient's or resident's guardian or other person designated by the patient or resident as a representative. Individuals have the right to refuse this information.

Every patient or resident suffering from any form of breast cancer shall be fully informed, prior to or at the time of admission and during her stay, of all alternative effective methods of treatment of which the treating physician is knowledgeable, including surgical, radiological, or chemotherapeutic treatments or combinations of treatments and the risks associated with each of those methods.

Sec. 26. Minnesota Statutes 2006, section 144.651, subdivision 10, is amended to read:

Subd. 10. Participation in planning treatment; notification of family members. (a) Patients and residents shall have the right to participate in the planning of their health care. This right includes the opportunity to discuss treatment and alternatives with individual caregivers, the opportunity to request and participate in formal care conferences, and the right to include a family member or other chosen representative, or both. In the event that the patient or resident cannot be present, a family member or other representative chosen by the patient or resident may be included in such conferences. A patient who is an expectant mother has the right to the presence of a doula of the patient's choice.

(b) If a patient or resident who enters a facility is unconscious or comatose or is unable to communicate, the facility shall make reasonable efforts as required under paragraph (c) to notify either a family member or a person designated in writing by the patient as the person to contact in an emergency that the patient or resident has been admitted to the facility. The facility shall allow the family member to participate in treatment planning, unless the facility knows or has reason to believe the patient or resident has an effective advance directive to the contrary or knows the patient or resident has specified in writing that they do not want a family member included in treatment planning. After notifying a family member but prior to allowing a family member to participate in treatment planning, the facility must make reasonable efforts, consistent with reasonable medical practice, to determine if the patient or resident has executed an advance directive relative to the patient or resident's health care decisions. For purposes of this paragraph, "reasonable efforts" include:
(1) examining the personal effects of the patient or resident;
(2) examining the medical records of the patient or resident in the possession of the facility;
(3) inquiring of any emergency contact or family member contacted under this section whether the patient or resident has executed an advance directive and whether the patient or resident has a physician to whom the patient or resident normally goes for care; and
(4) inquiring of the physician to whom the patient or resident normally goes for care, if known, whether the patient or resident has executed an advance directive.  If a facility notifies a family member or designated emergency contact or allows a family member to participate in treatment planning in accordance with this paragraph, the facility is not liable to the patient or resident for damages on the grounds that the notification of the family member or emergency contact or the participation of the family member was improper or violated the patient's privacy rights.

(c) In making reasonable efforts to notify a family member or designated emergency contact, the facility shall attempt to identify family members or a designated emergency contact by examining the personal effects of the patient or resident and the medical records of the patient or resident in the possession of the facility.  If the facility is unable to notify a family member or designated emergency contact within 24 hours after the admission, the facility shall notify the county social service agency or local law enforcement agency that the patient or resident has been admitted and the facility has been unable to notify a family member or designated emergency contact.  The county social service agency and local law enforcement agency shall assist the facility in identifying and notifying a family member or designated emergency contact.  A county social service agency or local law enforcement agency that assists a facility in implementing this subdivision is not liable to the patient or resident for damages on the grounds that the notification of the family member or emergency contact or the participation of the family member was improper or violated the patient's privacy rights."

Page 317, after line 19, insert:

"Sec. 31.  [146B.01] DEFINITIONS.

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

Subd. 2.  Certified doula.  "Certified doula" means an individual who has received a certification to perform doula services from the International Childbirth Education Association, the Doulas of North America (DONA), the Association of Labor Assistants and Childbirth Educators (ALACE), Birthworks, Childbirth and Postpartum Professional Association (CAPPA), or Childbirth International.

Subd. 3.  Commissioner.  "Commissioner" means the commissioner of health.

Subd. 4.  Doula services.  "Doula services" means emotional and physical support during pregnancy, labor, birth, and postpartum.

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

Sec. 32.  [146B.02] REGISTRY.

Subdivision 1.  Establishment.  The commissioner of health shall maintain a registry of certified doulas who have met the requirements listed in subdivision 2.
Subd. 2. **Qualifications.** The commissioner shall include on the registry any individual who:

1. submits an application on a form provided by the commissioner. The form must include the applicant's name, address, and contact information;
2. maintains a current certification from one of the organizations listed in section 146B.01, subdivision 3;
3. completes a criminal background check; and
4. pays the fees required under section 146B.04.

Subd. 3. **Renewal.** Inclusion on the registry maintained by the commissioner is valid for three years. At the end of the three-year period, the certified doula may submit a new application to remain on the doula registry by meeting the requirements described in subdivision 2.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 33. **[146B.03] COMMISSIONER DUTIES.**

The commissioner shall establish and maintain the doula registry and:

1. provide registry application forms;
2. complete the criminal background checks on registry applicants; and
3. maintain public access to the registry by providing a link to the registry on the Department of Health's Web site.

**EFFECTIVE DATE.** This section is effective July 1, 2007.

Sec. 34. **[146B.04] FEES.**

The application fee is $142 every three years, which includes the cost of a criminal background check. This fee is nonrefundable.

**EFFECTIVE DATE.** This section is effective July 1, 2007.”

Renumber the sections in sequence and correct the internal references
Amend the title accordingly

The motion prevailed and the amendment was adopted.
"Sec. 12.  Minnesota Statutes 2006, section 256.9657, subdivision 1, is amended to read:

Subdivision 1.  Nursing home license surcharge.  (a) Effective July 1, 1993, each non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4.  The surcharge shall be calculated as $620 per licensed bed.  If the number of licensed beds is reduced, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. The nursing home must notify the commissioner of health in writing when beds are delicensed. The commissioner of health must notify the commissioner of human services within ten working days after receiving written notification.  If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds.  Beds on layaway status continue to be subject to the surcharge.  The commissioner of human services must acknowledge a medical care surcharge appeal within 30 days of receipt of the written appeal from the provider.

(b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to $625.

(c) Effective August 15, 2002, the surcharge under paragraph (b) shall be increased to $990.

(d) Effective July 15, 2003, the surcharge under paragraph (c) shall be increased to $2,815.

(e) The commissioner may reduce, and may subsequently restore, the surcharge under paragraph (d) based on the commissioner’s determination of a permissible surcharge.

(f) Between April 1, 2002, and August 15, 2004, a facility governed by this subdivision may elect to assume full participation in the medical assistance program by agreeing to comply with all of the requirements of the medical assistance program, including the rate equalization law in section 256B.48, subdivision 1, paragraph (a), and all other requirements established in law or rule, and to begin intake of new medical assistance recipients.  Rates will be determined under Minnesota Rules, parts 9549.0010 to 9549.0080. Notwithstanding section 256B.431, subdivision 27, paragraph (i), rate calculations will be subject to limits as prescribed in rule and law. Other than the adjustments in sections 256B.431, subdivisions 30 and 32; 256B.437, subdivision 3, paragraph (b), Minnesota Rules, part 9549.0057, and any other applicable legislation enacted prior to the finalization of rates, facilities assuming full participation in medical assistance under this paragraph are not eligible for any rate adjustments until the July 1 following their settle-up period.

**EFFECTIVE DATE.**  This section is effective July 1, 2007."

Page 236, line 9, delete "2009" and insert "2007"

Page 236, line 10, delete "2011" and insert "2009"

Page 236, line 11, delete "2012" and insert "2010"

Page 240, line 18, delete "2009" and insert "2007"

Page 244, line 14, delete "October 1, 2009, October 1, 2010, and October 1, 2011" and insert "October 1, 2007, October 1, 2008, and October 1, 2009"

Page 244, line 17, delete "2009" and insert "2007"

Page 244, line 20, delete "2010" and insert "2008"
ARTICLE 8

HEALTHY CONNECTIONS

Section 1. Minnesota Statutes 2006, section 13.46, subdivision 2, is amended to read:

Subd. 2. General. (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; evaluate the effectiveness of programs; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Education, and the Department of Employment and Economic Development for the purpose of monitoring the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the Minnesota family investment program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing.
(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political sub-divisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions; 
*
(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education; or

(30) pursuant to section 256L.02, subdivision 6, between the welfare system and the Minnesota Health Insurance Exchange, under section 62A.67, in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L and to administer the individual's and their families' participation in the program.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 2. [62A.67] MINNESOTA HEALTH INSURANCE EXCHANGE.

Subdivision 1. Title; citation. This section may be cited as the "Minnesota Health Insurance Exchange."

Subd. 2. Creation; tax exemption. The Minnesota Health Insurance Exchange is created for the limited purpose of providing individuals with greater access, choice, portability, and affordability of health insurance products. The Minnesota Health Insurance Exchange is a not-for-profit corporation under chapter 317A and section 501(c) of the Internal Revenue Code.

Subd. 3. Definitions. The following terms have the meanings given them unless otherwise provided in text.

(a) "Board" means the board of directors of the Minnesota Health Insurance Exchange under subdivision 13.

(b) "Commissioner" means:

(1) the commissioner of commerce for health insurers subject to the jurisdiction of the Department of Commerce;

(2) the commissioner of health for health insurers subject to the jurisdiction of the Department of Health; or

(3) either commissioner's designated representative.

(c) "Exchange" means the Minnesota Health Insurance Exchange.

(d) "HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

(e) "Individual market health plans," unless otherwise specified, means individual market health plans defined in section 62A.011 and MinnesotaCare II products as defined in chapter 256L.

(f) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.
Subd. 4. **Insurer and health plan participation.** All health plans as defined in section 62A.011, subdivision 3, issued or renewed in the individual market shall participate in the exchange. No health plans in the individual market may be issued or renewed outside of the exchange. Group health plans as defined in section 62A.10 shall not be offered through the exchange. Health plans offered through the Minnesota Comprehensive Health Association as defined in section 62E.10 are offered through the exchange to eligible enrollees as determined by the Minnesota Comprehensive Health Association. Health plans offered through MinnesotaCare and MinnesotaCare II under chapter 256L are offered through the exchange to eligible enrollees as determined by the commissioner of human services.

Subd. 5. **Approval of health plans.** No health plan may be offered through the exchange unless the commissioner has first certified that:

1. the insurer seeking to offer the health plan is licensed to issue health insurance in the state; and
2. the health plan meets the requirements of this section, and the health plan and the insurer are in compliance with all other applicable health insurance laws.

Subd. 6. **Individual market health plans.** Individual market health plans offered through the exchange continue to be regulated by the commissioner as specified in chapters 62A, 62C, 62D, 62E, 62Q, and 72A, and must include the following provisions that apply to all health plans issued or renewed through the exchange:

1. premiums for children under the age of 19 shall not vary by age in the exchange; and
2. premiums for children under the age of 19 must be excluded from rating factors requirements under section 62A.65, subdivision 3, paragraph (b).

Subd. 7. **MinnesotaCare II health plans.** Health plans approved for MinnesotaCare II under section 256L.075 shall be offered by participating insurers to exchange participants not enrolled in MinnesotaCare II.

Subd. 8. **Individual participation and eligibility.** Individuals are eligible to purchase health plans directly through the exchange or through an employer Section 125 Plan under section 62A.68. Nothing in this section requires guaranteed issue of individual market health plans offered through the exchange. Individuals are eligible to purchase individual market health plans through the exchange by meeting one or more of the following qualifications:

1. the individual is a Minnesota resident, meaning the individual is physically residing on a permanent basis in a place that is the person's principal residence and from which the person is absent only for temporary purposes;
2. the individual is a student attending an institution outside of Minnesota and maintains Minnesota residency;
3. the individual is not a Minnesota resident but is employed by an employer physically located within the state and the individual's employer does not offer a group health insurance plan as defined in section 62A.10, but does offer a Section 125 Plan through the exchange under section 62A.68;
4. the individual is not a Minnesota resident but is self-employed and the individual's principal place of business is in the state; or
5. the individual is a dependent as defined in section 62L.02, of another individual who is eligible to participate in the exchange.
Subd. 9. **Continuation of coverage.** Enrollment in a health plan may be canceled for nonpayment of premiums, fraud, or changes in eligibility for MinnesotaCare under chapter 256L. Enrollment in an individual market health plan may not be canceled or renewed because of any change in employer or employment status, marital status, health status, age, residence, or any other change that does not affect eligibility as defined in this section.

Subd. 10. **Responsibilities of the exchange.** The exchange shall serve as the sole entity for enrollment and collection and transfer of premium payments for health plans offered through the exchange. The exchange shall be responsible for the following functions:

1. Publicize the exchange, including but not limited to its functions, eligibility rules, and enrollment procedures;
2. Provide assistance to employers to set up an employer Section 125 Plan under section 62A.68;
3. Create a system to allow individuals to compare and enroll in health plans offered through the exchange;
4. Create a system to collect and transmit to the applicable plans all premium payments or contributions made by or on behalf of individuals, including developing mechanisms to receive and process automatic payroll deductions for individuals enrolled in employer Section 125 Plans;
5. Refer individuals interested in MinnesotaCare or MinnesotaCare II under chapter 256L to the Department of Human Services to determine eligibility;
6. Establish a mechanism with the Department of Human Services to transfer premiums and subsidies for MinnesotaCare and MinnesotaCare II to qualify for federal matching payments;
7. Administer bonus accounts as defined in chapter 256L to reimburse MinnesotaCare II enrollees for qualified medical expenses under section 213(d) of the Internal Revenue Code;
8. Collect and assess information for eligibility for bonus accounts and premium incentives under chapter 256L;
9. Upon request, issue certificates of previous coverage according to the provisions of HIPAA and as referenced in section 62Q.181 to all such individuals who cease to be covered by a participating health plan through the exchange;
10. Establish procedures to account for all funds received and disbursed by the exchange for individual participants of the exchange; and
11. Make available to the public, at the end of each calendar year, a report of an independent audit of the exchange’s accounts.

Subd. 11. **Powers of the exchange.** The exchange shall have the power to:

1. Contract with insurance producers licensed in accident and health insurance under chapter 60K and vendors to perform one or more of the functions specified in subdivision 10;
2. Contract with employers to act as the plan administrator for participating employer Section 125 Plans and to undertake the obligations required by federal law of a plan administrator;
3. Establish and assess fees on health plan premiums of health plans purchased through the exchange to fund the cost of administering the exchange;
(4) seek and directly receive grant funding from government agencies or private philanthropic organizations to defray the costs of operating the exchange;

(5) establish and administer rules and procedures governing the operations of the exchange;

(6) establish one or more service centers within Minnesota;

(7) sue or be sued or otherwise take any necessary or proper legal action;

(8) establish bank accounts and borrow money; and

(9) enter into agreements with the commissioners of commerce, health, human services, revenue, employment and economic development, and other state agencies as necessary for the exchange to implement the provisions of this section.

Subd. 12. **Dispute resolution.** The exchange shall establish procedures for resolving disputes with respect to the eligibility of an individual to participate in the exchange. The exchange does not have the authority or responsibility to intervene in or resolve disputes between an individual and a health plan or health insurer. The exchange shall refer complaints from individuals participating in the exchange to the commissioner of human services to be resolved according to sections 62Q.68 to 62Q.73.

Subd. 13. **Governance.** The exchange shall be governed by a board of directors with 11 members. The board shall convene on or before July 1, 2007, after the initial board members have been selected. The initial board membership consists of the following:

(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by a joint committee of the Minnesota senate and the Minnesota house of representatives to serve three-year terms; and

(5) four members appointed by the governor to serve three-year terms.

Subd. 14. **Subsequent board membership.** Ongoing membership of the exchange consists of the following effective July 1, 2010:

(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by the governor with the approval of a joint committee of the senate and house of representatives to serve two- or three-year terms. Appointed members may serve more than one term; and

(5) four members elected by the membership of the exchange of which two are elected to serve a two-year term and two are elected to serve a three-year term. Elected members may serve more than one term.
Subd. 15. **Operations of the board.** Officers of the board of directors are elected by members of the board and serve one-year terms. Six members of the board constitutes a quorum, and the affirmative vote of six members of the board is necessary and sufficient for any action taken by the board. Board members serve without pay, but are reimbursed for actual expenses incurred in the performance of their duties.

Subd. 16. **Operations of the exchange.** The board of directors shall appoint an exchange director who shall:

1. be a full-time employee of the exchange;

2. administer all of the activities and contracts of the exchange; and

3. hire and supervise the staff of the exchange.

Subd. 17. **Insurance producers.** When a producer licensed in accident and health insurance under chapter 60K enrolls an eligible individual in the exchange, the health plan chosen by an individual may pay the producer a commission.

Subd. 18. **Implementation.** Health plan coverage through the exchange begins on January 1, 2009. The exchange must be operational to assist employers and individuals by September 1, 2008, and be prepared for enrollment by December 1, 2008. Enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association as of December 2, 2008, are automatically enrolled in the exchange on January 1, 2009, in the same health plan and at the same premium that they were enrolled as of December 2, 2008, subject to the provisions of this section. As of January 1, 2009, all enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association shall make premium payments to the exchange.

Subd. 19. **Study of insurer issue requirements.** In consultation with the commissioners of commerce and health, the exchange shall study and make recommendations on rating requirements and risk adjustment mechanisms that could be implemented to facilitate increased enrollment in the exchange by employers and employees through employer Section 125 Plans. The exchange shall report study findings and recommendations to the chairs of house and senate committees having jurisdiction over commerce and health by January 15, 2011.

Sec. 3. [62A.68] **SECTION 125 PLANS.**

Subdivision 1. **Definitions.** The following terms have the meanings given unless otherwise provided in text:

a) "Current employee" means an employee currently on an employer's payroll other than a retiree or disabled former employee.

b) "Employer" means a person, firm, corporation, partnership, association, business trust, or other entity employing one or more persons, including a political subdivision of the state, filing payroll tax information on such employed person or persons.

c) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.

d) "Exchange" means the Minnesota Health Insurance Exchange under section 62A.67.

e) "Exchange director" means the appointed director under section 62A.67, subdivision 16.

Subd. 2. **Section 125 Plan requirement.** Effective January 1, 2009, all employers with 11 or more current employees shall offer a Section 125 Plan through the exchange to allow their employees to pay for health insurance premiums with pretax dollars. The following employers are exempt from the Section 125 Plan requirement:
(1) employers that offer a group health insurance plan as defined in 62A.10;

(2) employers that offer group health insurance through a self-insured plan as defined in section 62E.02; and

(3) employers with fewer than 11 current employees, except that employers under this clause may voluntarily offer a Section 125 Plan.

Subd. 3. Tracking compliance. By July 1, 2008, the exchange, in consultation with the commissioners of commerce, health, employment and economic development, and revenue shall establish a method for tracking employer compliance with the Section 125 Plan requirement.

Subd. 4. Employer requirements. Employers that are required to offer or choose to offer a Section 125 Plan through the exchange shall enter into an annual binding agreement with the exchange, which includes the terms in paragraphs (a) to (h).

(a) The employer shall designate the exchange director to be the plan's administrator for the employer's plan and the exchange director agrees to undertake the obligations required of a plan administrator under federal law.

(b) Only the coverage and benefits offered by participating insurers in the exchange constitutes the coverage and benefits of the participating employer plan.

(c) Any individual eligible to participate in the exchange may elect coverage under any participating health plan for which they are eligible, and neither the employer nor the exchange shall limit choice of coverage from among all the participating insurance plans for which the individual is eligible.

(d) The employer shall deduct premium amounts on a pretax basis in an amount not to exceed an employee's wages and make payments to the exchange as directed by employees for health plans employees enroll in through the exchange.

(e) The employer shall not offer individuals eligible to participate in the exchange any separate or competing group health plan under section 62A.10.

(f) The employer reserves the right to determine the terms and amounts of the employer's contribution to the plan, if any.

(g) The employer shall make available to the exchange any of the employer's documents, records, or information, including copies of the employer's federal and state tax and wage reports that are necessary for the exchange to verify:

(1) that the employer is in compliance with the terms of its agreement with the exchange governing the participating employer plan;

(2) that the participating employer plan is in compliance with applicable state and federal laws, including those relating to nondiscrimination in coverage; and

(3) the eligibility of those individuals enrolled in the participating employer plan.

(h) The exchange shall not provide the participating employer plan with any additional or different services or benefits not otherwise provided or offered to all other participating employer plans.
Subd. 5. **Section 125 eligible health plans.** Individuals eligible to enroll in health plans through an employer Section 125 Plan through the exchange may enroll in any health plan offered through the exchange for which the individual is eligible including individual market health plans, MinnesotaCare and MinnesotaCare II, and the Minnesota Comprehensive Health Association.

Sec. 4. Minnesota Statutes 2006, section 62E.141, is amended to read:

**62E.141 INCLUSION IN EMPLOYER-SPONSORED PLAN.**

No employee of an employer that offers a group health plan, under which the employee is eligible for coverage, is eligible to enroll, or continue to be enrolled, in the comprehensive health association, except for enrollment or continued enrollment necessary to cover conditions that are subject to an unexpired preexisting condition limitation, preexisting condition exclusion, or exclusionary rider under the employer’s health plan. This section does not apply to persons enrolled in the Comprehensive Health Association as of June 30, 1993. With respect to persons eligible to enroll in the health plan of an employer that has more than 29 current employees, as defined in section 62L.02, this section does not apply to persons enrolled in the Comprehensive Health Association as of December 31, 1994.

Sec. 5. Minnesota Statutes 2006, section 62L.12, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage under section 62D.104 as a result of leaving a health maintenance organization’s service area.

(b) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage as a result of the expiration of any continuation of group coverage required under sections 62A.146, 62A.17, 62A.21, 62C.142, 62D.101, and 62D.105.

(c) A health carrier may sell, issue, or renew conversion policies under section 62E.16 to eligible employees.

(d) A health carrier may sell, issue, or renew individual continuation policies to eligible employees as required.

(e) A health carrier may sell, issue, or renew individual health plans if the coverage is appropriate due to an unexpired preexisting condition limitation or exclusion applicable to the person under the employer’s group health plan or due to the person’s need for health care services not covered under the employer’s group health plan.

(f) A health carrier may sell, issue, or renew an individual health plan, if the individual has elected to buy the individual health plan not as part of a general plan to substitute individual health plans for a group health plan nor as a result of any violation of subdivision 3 or 4.

(g) Nothing in this subdivision relieves a health carrier of any obligation to provide continuation or conversion coverage otherwise required under federal or state law.

(h) Nothing in this chapter restricts the offer, sale, issuance, or renewal of coverage issued as a supplement to Medicare under sections 62A.3099 to 62A.44, or policies or contracts that supplement Medicare issued by health maintenance organizations, or those contracts governed by sections 1833, 1851 to 1859, 1860D, or 1876 of the federal Social Security Act, United States Code, title 42, section 1395 et seq., as amended.

(i) Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans necessary to comply with a court order.
(j) A health carrier may offer, issue, sell, or renew an individual health plan to persons eligible for an employer group health plan, if the individual health plan is a high deductible health plan for use in connection with an existing health savings account, in compliance with the Internal Revenue Code, section 223. In that situation, the same or a different health carrier may offer, issue, sell, or renew a group health plan to cover the other eligible employees in the group.

(k) A health carrier may offer, sell, issue, or renew an individual health plan to one or more employees of a small employer if the individual health plan is marketed directly to all employees of the small employer and the small employer does not contribute directly or indirectly to the premiums or facilitate the administration of the individual health plan. The requirement to market an individual health plan to all employees does not require the health carrier to offer or issue an individual health plan to any employee. For purposes of this paragraph, an employer is not contributing to the premiums or facilitating the administration of the individual health plan if the employer does not contribute to the premium and merely collects the premiums from an employee's wages or salary through payroll deductions and submits payment for the premiums of one or more employees in a lump sum to the health carrier. Except for coverage under section 62A.65, subdivision 5, paragraph (b), or 62E.16, at the request of an employee, the health carrier may bill the employer for the premiums payable by the employee, provided that the employer is not liable for payment except from payroll deductions for that purpose. If an employer is submitting payments under this paragraph, the health carrier shall provide a cancellation notice directly to the primary insured at least ten days prior to termination of coverage for nonpayment of premium. Individual coverage under this paragraph may be offered only if the small employer has not provided coverage under section 62L.03 to the employees within the past 12 months.

The employer must provide a written and signed statement to the health carrier that the employer is not contributing directly or indirectly to the employee's premiums. The health carrier may rely on the employer's statement and is not required to guarantee-issue individual health plans to the employer's other current or future employees.

(l) Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans through the Minnesota Health Insurance Exchange under section 62A.67 or 62A.68.

Sec. 6. [256.962] MINNESOTA HEALTH CARE PROGRAMS OUTREACH.

Subd. 1. Public awareness and education. The commissioner shall design and implement a statewide campaign to raise public awareness on the availability of health coverage through medical assistance, general assistance medical care, and MinnesotaCare and to educate the public on the importance of obtaining and maintaining health care coverage. The campaign shall include multimedia messages directed to the general population.

Subd. 2. Outreach grants. (a) The commissioner shall award grants to public and private organizations or regional collaboratives for outreach activities, including, but not limited to:

(1) providing information, applications, and assistance in obtaining coverage through Minnesota public health care programs;

(2) collaborating with public and private entities such as hospitals, providers, health plans, legal aid offices, pharmacies, insurance agencies, and faith-based organizations to develop outreach activities and partnerships to ensure the distribution of information and applications and provide assistance in obtaining coverage through Minnesota health care programs; and
(3) providing or collaborating with public and private entities to provide multilingual and culturally specific information and assistance to applicants in areas of high uninsurance in the state or populations with high rates of uninsurance.

(b) The commissioner shall ensure that all outreach materials are available in languages other than English.

(c) The commissioner shall establish an outreach trainer program to provide training to designated individuals from the community and public and private entities on application assistance in order for these individuals to provide training to others in the community on an as-needed basis.

Subd. 3. Application and assistance. (a) The Minnesota health care programs application must be made available at provider offices, local human services agencies, school districts, public and private elementary schools in which 25 percent or more of the students receive free or reduced price lunches, community health offices, Women, Infants and Children (WIC) program sites, Head Start program sites, public housing councils, child care centers, early childhood education and preschool program sites, legal aid offices, and libraries. The commissioner shall ensure that applications are available in languages other than English.

(b) Local human service agencies, hospitals, and health care community clinics receiving state funds must provide direct assistance in completing the application form, including the free use of a copy machine and a drop box for applications. These locations must ensure that the drop box is checked at least weekly and any applications are submitted to the commissioner. The commissioner shall provide these entities with an identification number to stamp on each application to identify the entity that provided assistance. Other locations where applications are required to be available shall either provide direct assistance in completing the application form or provide information on where an applicant can receive application assistance.

(c) Counties must offer applications and application assistance when providing child support collection services.

(d) Local public health agencies and counties that provide immunization clinics must offer applications and application assistance during these clinics.

(e) The commissioner shall coordinate with the commissioner of health to ensure that maternal and child health outreach efforts include information on Minnesota health care programs and application assistance, when needed.

Subd. 4. Statewide toll-free telephone number. The commissioner shall provide funds for a statewide toll-free telephone number to provide information on public and private health coverage options and sources of free and low-cost health care. The statewide telephone number must provide the option of obtaining this information in languages other than English.

Subd. 5. Incentive program. The commissioner shall establish an incentive program for organizations that directly identify and assist potential enrollees in filling out and submitting an application. For each applicant who is successfully enrolled in MinnesotaCare, medical assistance, or general assistance medical care, the commissioner shall pay the organization a $25 application assistance bonus. The organization may provide an applicant a gift certificate or other incentive upon enrollment.

Subd. 6. School districts. (a) At the beginning of each school year, a school district shall provide information to each student on the availability of health care coverage through the Minnesota health care programs.

(b) For each child who is determined to be eligible for a free or reduced priced lunch, the district shall provide the child's family with an application for the Minnesota health care programs and information on how to obtain application assistance.
A district shall also ensure that applications and information on application assistance are available at early childhood education sites and public schools located within the district’s jurisdiction.

Each district shall designate an enrollment specialist to provide application assistance and follow-up services with families who are eligible for the reduced or free lunch program or who have indicated an interest in receiving information or an application for the Minnesota health care program.

Each school district shall provide on their Web site a link to information on how to obtain an application and application assistance.

Subd. 7. Renewal notice. (a) The commissioner shall mail a renewal notice to enrollees notifying the enrollees that the enrollees eligibility must be renewed. A notice shall be sent at least 90 days prior to the renewal date and at least 60 days prior to the renewal date.

(b) For enrollees who are receiving services through managed care plans, the managed care plan must provide a follow-up renewal call at least 60 days prior to the enrollees' renewal dates.

(c) The commissioner shall include the end of coverage dates on the monthly rosters of enrollees provided to managed care organizations.

Sec. 7. Minnesota Statutes 2006, section 256B.057, subdivision 8, is amended to read:

Subd. 8. Children under age two. Medical assistance may be paid for a child under two years of age whose countable family income is above 275 percent of the federal poverty guidelines for the same size family but less than or equal to 280 percent of the federal poverty guidelines for the same size family.

EFFECTIVE DATE. This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 8. Minnesota Statutes 2006, section 256L.02, subdivision 3, is amended to read:

Subd. 3. Financial management. (a) The commissioner shall manage spending for the MinnesotaCare program in a manner that maintains a minimum reserve. As part of each state revenue and expenditure forecast, the commissioner must make an assessment of the expected expenditures for the covered services for the remainder of the current biennium and for the following biennium. The estimated expenditure, including the reserve, shall be compared to an estimate of the revenues that will be available in the health care access fund. Based on this comparison, and after consulting with the chairs of the house Ways and Means Committee and the senate Finance Committee, and the Legislative Commission on Health Care Access, the commissioner shall, as necessary, make the adjustments specified in paragraph (b) to ensure that expenditures remain within the limits of available revenues for the remainder of the current biennium and for the following biennium. The commissioner shall not hire additional staff using appropriations from the health care access fund until the commissioner of finance makes a determination that the adjustments implemented under paragraph (b) are sufficient to allow MinnesotaCare expenditures to remain within the limits of available revenues for the remainder of the current biennium and for the following biennium.

(b) The adjustments the commissioner shall use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days' notice, stop coverage of single adults and households without children already enrolled in the MinnesotaCare program; third, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the MinnesotaCare program. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner shall further limit enrollment or decrease premium subsidies.
(c) The commissioner shall work in cooperation with the Minnesota Health Insurance Exchange under section 62A.67 to make adjustments under paragraph (b) as required under this subdivision.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 9. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

**Subd. 5.** **Enrollment responsibilities.** According to section 256L.05, subdivision 6, effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 shall assume responsibility for enrolling eligible applicants and enrollees in a health plan for MinnesotaCare coverage. The commissioner shall maintain responsibility for determining eligibility for MinnesotaCare.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 10. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

**Subd. 6.** **Exchange of data.** An entity that is part of the welfare system as defined in section 13.46, subdivision 1, paragraph (c), and the Minnesota Health Insurance Exchange under section 62A.67 may exchange private data about individuals without the individual's consent in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L and to administer the individual's and the individual's family's participation in the program. This subdivision only applies if the entity that is part of the welfare system and the Minnesota Health Insurance Exchange have entered into an agreement that complies with the requirements in Code of Federal Regulations, title 45, section 164.314.

Sec. 11. Minnesota Statutes 2006, section 256L.04, subdivision 1, is amended to read:

**Subdivision 1.** **Families with children.** (a) A child in a family with family income equal to or less than 300 percent of the federal poverty guidelines for the applicable family size is eligible for MinnesotaCare under this section. Adults in families with children with family income equal to or less than 275 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, shall apply unless otherwise specified.

(b) Parents who enroll in the MinnesotaCare program must also enroll their children, if the children are eligible. Children may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. If one spouse in a household enrolls, the other spouse in the household must also enroll, unless other insurance is available. Families cannot choose to enroll only certain uninsured members.

(c) Beginning October 1, 2003, the dependent sibling definition no longer applies to the MinnesotaCare program. These persons are no longer counted in the parental household and may apply as a separate household.

(d) Beginning July 1, 2003, or upon federal approval, whichever is later, parents are not eligible for MinnesotaCare if their gross income exceeds $50,000.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.
Sec. 12. Minnesota Statutes 2006, section 256L.05, subdivision 5, is amended to read:

Subd. 5. Availability of private insurance. (a) The commissioner, in consultation with the commissioners of health and commerce, shall provide information regarding the availability of private health insurance coverage and the possibility of disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), to all: (1) families enrolled in the MinnesotaCare program whose gross family income is equal to or more than 225 percent of the federal poverty guidelines; and (2) single adults and households without children enrolled in the MinnesotaCare program whose gross family income is equal to or more than 165 percent of the federal poverty guidelines. This information must be provided Minnesota Health Insurance Exchange under section 62A.67 upon initial enrollment and annually thereafter. The commissioner shall also include information regarding the availability of private health insurance coverage in

(b) The notice of ineligibility provided to persons subject to disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), must include information about assistance with identifying and selecting private health insurance coverage provided by the Minnesota Health Insurance Exchange under section 62A.67.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 13. Minnesota Statutes 2006, section 256L.05, is amended by adding a subdivision to read:

Subd. 6. Minnesota Health Insurance Exchange. The commissioner shall refer all MinnesotaCare applicants and enrollees to the Minnesota Health Insurance Exchange under section 62A.67. The Minnesota Health Insurance Exchange shall provide those referred with assistance in selecting a managed care plan through which to receive MinnesotaCare covered services and in analyzing health plans available through the private market. MinnesotaCare applicants and enrollees shall effect enrollment in a managed care plan or a private market health plan through the Minnesota Health Insurance Exchange.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 14. Minnesota Statutes 2006, section 256L.06, subdivision 3, is amended to read:

Subd. 3. Commissioner's duties and payment. (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments at the time of eligibility renewal, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.
(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month for which the premium was due. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll until four calendar months have elapsed. Persons disenrolled for nonpayment who pay all past due premiums as well as current premiums due, including premiums due for the period of disenrollment, within 20 days of disenrollment, shall be reenrolled retroactively to the first day of disenrollment. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll for four calendar months unless the person demonstrates good cause for nonpayment. Good cause does not exist if a person chooses to pay other family expenses instead of the premium. The commissioner shall define good cause in rule.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 15. [256L.075] [256L.075] MINNESOTA CARE II OPTION ESTABLISHED.

**Subdivision 1. Program established; enrollment.** The Minnesota Health Insurance Exchange under section 62A.67, in consultation with the commissioner, shall establish and administer a program that subsidizes the purchase of private market health plans for children eligible for MinnesotaCare in families with family income above 200 percent, but not exceeding 300 percent, of the federal poverty guidelines. The program established under this section is referred to as MinnesotaCare II. The private market health coverage provided under this section is an alternative to coverage under section 256L.03. Notwithstanding section 256L.12, children obtaining coverage under this section shall enroll in a health plan, as defined in section 62A.011, subdivision 3, through the individual market that covers, at a minimum, the standard benefit set established in subdivision 2. Enrollment under this section is administered by the Minnesota Health Insurance Exchange. Eligibility under this section is determined by the commissioner. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, apply to this section unless otherwise specified.

Subd. 2. Benefit set. The Minnesota Health Insurance Exchange, in consultation with the commissioner, shall establish a standard benefit set for health plans that qualify for a subsidy under this section. The standard benefit set must be reviewed, and, if necessary, modified on an annual basis. Notwithstanding section 256L.03, subdivision 5, the benefit set may require co-payments, deductibles, and maximum annual out-of-pocket enrollee cost-sharing limits.

Subd. 3. Health carrier participation. (a) Health insurers with at least three percent of the market share of premium volume from individual market health plans as determined from loss ratio reports filed under section 62A.021, subdivision 1, paragraph (h), shall offer at least one health plan that covers the standard benefit set, or its actuarial equivalent as determined by the commissioner of commerce, to children enrolled under this section. Health insurers shall offer a health plan that covers the standard benefit set, without a subsidy, to adults so that families can enroll in a single plan. Health insurers that are not required to participate may participate voluntarily. The Minnesota Health Insurance Exchange shall certify those health plans that meet the standards in subdivision 2 and qualify for a subsidy under this section.

(b) Health insurers offering coverage under this section may offer up to three additional health plan products approved by the commissioner of commerce as actuarially equivalent or better than the standard plan established in subdivision 2. The additional products must also qualify for a subsidy if purchased to cover children eligible under this section.

(c) Nothing in this subdivision requires guaranteed issue of MinnesotaCare II health plans.

Subd. 4. State subsidy; premium. The cost of coverage for children enrolled under this section is subsidized based on a sliding scale. The amount of the subsidy provided for a child is equal to the cost of the least expensive health plan certified to participate under this section less an amount equal to one-half of the premium that would be
paid for the child under section 256L.15, subdivision 2. The commissioner shall pay the subsidy to the Minnesota Health Insurance Exchange. The premium for a child enrolled under this section is equal to the difference between the cost of the health plan through which the coverage is provided and the amount of the subsidy. The premium must be paid to the Minnesota Health Insurance Exchange.

Subd. 5. **Enrollment; limitation on changing plans.** Notwithstanding section 256L.04, subdivision 1, individual children in a family may enroll under this section or under section 256L.03. A child enrolled under this section may change health plans or switch to coverage under section 256L.03 at the time of annual renewal. An enrollee may change health plans or switch to coverage under section 256L.03 at other times during the year if the family of the child experiences a qualifying life event, including, but not limited to, marriage, divorce, a change in dependent status, change in family size, or a change in eligibility for state health care programs under this chapter or chapter 256B or 256D.

Subd. 6. **Bonus accounts incentive.** The Minnesota Health Insurance Exchange shall administer bonus accounts for families with children enrolled under this section. Funds must be credited to a bonus account when a child covered under this section achieves specific goals for preventive services or healthy behaviors. Funds credited to an account can be used by a family to reimburse qualified medical expenses as defined in Internal Revenue Code, section 213(d). The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish a schedule of preventive service and healthy behavior goals that qualify for a credit and corresponding credit amounts. Families with children enrolled under this section can qualify for credits of up to $50 per year per child, up to a maximum of $150 per year per family. Funds held in the account are available to a family until:

1. there is no longer a child under age 21 in the family; or
2. no child in the family has been enrolled under chapter 256B or 256L, or in a health plan through the Minnesota Health Insurance Exchange for the past six months.

Subd. 7. **Federal approval.** The commissioner shall seek all federal waivers and approvals necessary to implement and receive federal financial participation for expenditures under this section.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 16. Minnesota Statutes 2006, section 256L.12, subdivision 7, is amended to read:

Subd. 7. **Managed care plan vendor requirements.** The following requirements apply to all counties or vendors who contract with the Department of Human Services to serve MinnesotaCare recipients. Managed care plan contractors:

1. shall authorize and arrange for the provision of the full range of services listed in section 256L.03 in order to ensure appropriate health care is delivered to enrollees;
2. shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;
3. may contract with other health care and social service practitioners to provide services to enrollees;
4. shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;
5. shall retain all revenue from enrollee co-payments;
(6) shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

(7) shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity, beyond that which is required to comply with chapters 62C and 62D; and

(8) shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services; and

(9) shall participate in the Minnesota Health Insurance Exchange under section 62A.67 for the purpose of enrolling individuals under this chapter.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 17. Minnesota Statutes 2006, section 256L.15, subdivision 1a, is amended to read:

Subd. 1a. **Payment options.** (a) The commissioner may offer the following payment options to an enrollee:

(1) payment by check;

(2) payment by credit card;

(3) payment by recurring automatic checking withdrawal;

(4) payment by onetime electronic transfer of funds;

(5) payment by wage withholding with the consent of the employer and the employee; or

(6) payment by using state tax refund payments.

At application or reapplication, a MinnesotaCare applicant or enrollee may authorize the commissioner to use the Revenue Recapture Act in chapter 270A to collect funds from the applicant's or enrollee's refund for the purposes of meeting all or part of the applicant's or enrollee's MinnesotaCare premium obligation. The applicant or enrollee may authorize the commissioner to apply for the state working family tax credit on behalf of the applicant or enrollee. The setoff due under this subdivision shall not be subject to the $10 fee under section 270A.07, subdivision 1.

(b) Effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 is responsible for collecting MinnesotaCare premiums.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 18. Minnesota Statutes 2006, section 256L.15, subdivision 2, is amended to read:

Subd. 2. **Sliding fee scale; monthly gross individual or family income.** (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly gross individual or family income. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. The sliding fee scale begins with a premium of 1.5
percent of monthly gross individual or family income for individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. Effective October 1, 2003, the commissioner shall increase each percentage by 0.5 percentage points for enrollees with income greater than 100 percent but not exceeding 200 percent of the federal poverty guidelines and shall increase each percentage by 1.0 percentage points for families and children with incomes greater than 200 percent of the federal poverty guidelines. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports an increase in income after enrollment, premiums shall not be adjusted at the time the change in income is reported until eligibility renewal.

(b) Beginning January 1, 2009, a new sliding fee scale premium schedule is established for children. The premium schedule for children must be used in conjunction with the premium schedule in paragraph (a) for adults to calculate a single MinnesotaCare premium for a family. The sliding fee scale begins with a premium of $11 per child for households with incomes equal to or greater than 150 percent of the federal poverty guidelines. Premiums must be adjusted at evenly spaced income steps at increments of five percent of the federal poverty guidelines to a maximum premium of $88 per child for households with incomes equal to 300 percent of the federal poverty guidelines. Premiums must be calculated for up to three children per family. Premiums for children must be adjusted annually at an amount that is proportional to the annual adjustment in premiums for adults. The sliding fee scale in this paragraph does not apply to children enrolled under section 256L.075.

(c) Children in families whose gross income is above 275 percent of the federal poverty guidelines shall pay the maximum premium. The maximum premium is defined as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare cases paid the maximum premium, the total revenue would equal the total cost of MinnesotaCare medical coverage and administration. In this calculation, administrative costs shall be assumed to equal ten percent of the total. The costs of medical coverage for pregnant women and children under age two and the enrollees in these groups shall be excluded from the total. The maximum premium for two enrollees shall be twice the maximum premium for one, and the maximum premium for three or more enrollees shall be three times the maximum premium for one.

After calculating the percentage of premium each enrollee shall pay under paragraph (a), eight percent shall be added to the premium.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained. Paragraph (c) is effective July 1, 2007.

Sec. 19. Minnesota Statutes 2006, section 256L.15, is amended by adding a subdivision to read:

Subd. 5. Premium discount incentive. Adults and families with children are eligible for a premium reduction of $3 per month for each child who met goals for preventive care or an adult who met goals for cardiac or diabetes care in the previous calendar year. The maximum premium reduction may not exceed $15 per month per family. The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish specific goals for preventive care, including cardiac and diabetes care, that make an enrollee eligible for the premium reduction. The premium discount incentive is administered by the Minnesota Health Insurance Exchange under section 62A.67. Children enrolled under section 256L.075 are not eligible for the premium discount incentive.

EFFECTIVE DATE. This section is effective January 1, 2009."
Page 478, line 9, delete "$6,416,000" and insert "$64,016,000"

Page 478, line 10, delete "$5,643,000" and insert "$20,543,000"

Page 503, after line 12, insert:

"Nursing Home Moratorium Exceptions. During fiscal year 2008, the commissioner of health may approve moratorium exception projects under Minnesota Statutes, section 144A.073, for which the full annualized state share of medical assistance costs does not exceed $50,000,000. During fiscal year 2009, the commissioner of health may approve moratorium exception projects under Minnesota Statutes, section 144A.073, for which the full annualized state share of medical assistance costs does not exceed $50,000,000 less the amount approved during the first year."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Brod et al amendment and the roll was called. There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Abeler  DeLaForest  Garofalo  Kalin  Olson  Shimanski
Anderson, B.  Demmer  Gottwald  Koenen  Otremba  Simpson
Anderson, S.  Dettmer  Gunther  Kohls  Paulsen  Smith
Beard  Eken  Hackbarth  Lanning  Peppin  Svigum
Berns  Emmer  Hamilton  Magnus  Peterson, A.  Tingelstad
Brod  Erhardt  Haws  McFarlane  Peterson, N.  Tschumper
Brown  Erickson  Heidgerken  McNamara  Ruth  Udahl
Buesgens  Faust  Holberg  Morgan  Sailer  Ward
Cornish  Finstad  Hoppe  Nornes  Seifert  Westrom
Dean  Fritz  Howes  Olin  Severson  Zellers

Those who voted in the negative were:

Anzelc  Dill  Hilty  Knauth  Madore  Murphy, M.
Atkins  Dittrich  Hornstein  Kranz  Mahoney  Nelson
Benson  Dominguez  Hortman  Laine  Mariani  Norton
Bigham  Doty  Hosch  Lenczewski  Marquart  Payne
Bly  Gardner  Huntley  Lesch  Masin  Pelowski
Brynaert  Greiling  Jaros  Liebling  Moe  Peterson, S.
Bunn  Hansen  Johnson  Lieder  Morrow  Poppe
Clark  Hausman  Juhnke  Lillie  Mullery  Rukavina
Davnie  Hilstrom  Kahn  Loeffler  Murphy, E.  Ruud
The motion did not prevail and the amendment was not adopted.

Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 303, line 1, after "may" insert "not"

Page 303, delete lines 20 to 28

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There were 50 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abeler
Anderson, B.
Anderson, S.
Beard
Berns
Buesgens
Bunn
Cornish
Dean
DeLaForest
Demmer
Dettmer
Emmer
Erhardt
Erickson
Finstad
Garofalo
Gottwald

Those who voted in the negative were:

Anzelc
Atkins
Benson
Bigham
Bly
Brod
Brown
Brynaert
Clark
Davnie
Dill
Dittrich
Dominguez
Doty
Eken
Faust
Fitz
Gardner
Greiling
Hansen
Hausman
Haws
Hilstrom
Horne
Hornstein
Horton
Hosch
Huntley
Jaros
Johnson
Juhnke
Kahn
Kalin
Knuth
Koenen
Laine
Lenczewski
Lesch
Lieder
Lillie
Loeffler
Madore
Mahoney
Mariani
Marquart
Moe
Morgan
Morrow
Mullery
Murphy, E.
Murphy, M.
Nelson
Norton
Olin
Otremba
Pelowski
Paymar
Paymar
Pelowski
Peterson, A.
Peterson, S.
Poppe
Rukavina
Ruud
Sailer
Sclae
Sertich
Simons
Slawik
Solberg
Thao
Thissen
Tillberry
Tingelstad
Urdahl
Westrom
Zellers

The motion did not prevail and the amendment was not adopted.
Seifert moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 346, after line 3, insert:

"Sec. 22. [256.9675] PUBLIC BENEFITS; INELIGIBILITY.

A person who moves into the state with a felony conviction is ineligible for public assistance, including but not limited to benefits under medical assistance, general assistance medical care, MinnesotaCare, and the Minnesota family investment program."

Renumber the sections in sequence and correct the internal references.

Amend the title accordingly.

A roll call was requested and properly seconded.

The question was taken on the Seifert amendment and the roll was called. There were 99 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Abeler  DeLaForest  Hackbarth  Laine  Otremba  Smith
Anderson, B.  Demmer  Hamilton  Lanning  Paulsen  Solberg
Anderson, S.  Dettmer  Hansen  Lenczewski  Pelowski  Sviggum
Anzelc  Dill  Haws  Lieder  Peppin  Swails
Atkins  Dittrich  Heidgerken  Lillie  Peterson, A.  Tillberry
Beard  Doty  Hilstrom  Madore  Peterson, N.  Tingelstad
Benson  Eken  Holberg  Magnus  Peterson, S.  Tschumper
Berns  Emmer  Hoppe  Marquart  Poppe  Udahl
Bigham  Erhardt  Hortman  Masin  Ruth  Ward
Bly  Erickson  Hosch  McFarlane  Ruud  Welti
Brod  Faust  Howes  McNamara  Sailer  Westrom
Brown  Finstad  Juhnke  Moe  Scalze  Wollschlager
Brynaert  Fritz  Kalin  Morgan  Seifert  Zellers
Buesgens  Gardner  Knuth  Morrow  Severson  Spk. Kelliher
Bunn  Garafuli  Koenen  Nornes  Simon  Simpson
Cornish  Gottwald  Kohls  Olin  Slawik  Slocum
Dean  Gunther  Kranz  Olson  Slocum  Spk. Kelliher

Those who voted in the negative were:

Clark  Hilty  Kahn  Mariani  Norton  Thao
Davnie  Hornstein  Lesch  Mullery  Rukavina  Thissen
Dominguez  Huntley  Liebling  Murphy, E.  Sertich  Wagenius
Greiling  Jaros  Loeffler  Murphy, M.  Shimanski  Walker
Hausman  Johnson  Mahoney  Nelson  Slawik  Winkler

The motion prevailed and the amendment was adopted.

The Speaker called Hausman to the Chair.
Erickson and Urdahl moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 35, delete section 29 and insert:

"Sec. 29. Minnesota Statutes 2006, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

(a) Until October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5. Families receiving assistance under this section shall comply with all applicable requirements in this chapter.

(b) Beginning October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state's maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.

(c) Beginning October 1, 2007, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a household that meets criteria in clauses (1) to (4) as expenditures under a separately funded state program:

(1) single eligible caregiver households when the adult is a refugee or asylee as defined in Code of Federal Regulations, title 45, chapter IV, section 400.43, and the refugee or asylee arrived in the United States in the 12 months prior to the date of application for MFIP. These households will remain in the separately funded state program for six months or until the caregiver has been in the United States for 12 months, whichever comes first;

(2) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 2;

(3) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 3; and

(4) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 4, clause (3).

(d) Beginning March 1, 2008, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a single eligible caregiver household that meets the criteria in section 256J.32, subdivision 6, clause (6), as expenditures under a separately funded state program. A household is no longer part of the separately funded program if the household no longer meets the criteria in section 256J.32, subdivision 6, clause (6), item (iv), or if it is determined at recertification that:

(1) a single eligible caregiver with a child under the age of six is working at least 87 hours per month in paid or unpaid employment; or

(2) a single eligible caregiver without a child under the age of six is working at least 130 hours per month in paid or unpaid employment.
(e) The expenditures in paragraphs (b) to (d) do not count toward the state's MOE requirements under the federal TANF program.

Page 36, delete section 30 and insert:

"Sec. 30. Minnesota Statutes 2006, section 256J.09, subdivision 3b, is amended to read:

Subd. 3b. **Interview to determine referrals and services.** If the applicant is not diverted from applying for MFIP, and if the applicant meets the MFIP eligibility requirements, then a county agency must:

(1) identify an applicant who is under the age of 20 without a high school diploma or its equivalent and explain to the applicant the assessment procedures and employment plan requirements under section 256J.54;

(2) explain to the applicant the eligibility criteria in section 256J.545 for the family violence waiver, and what an applicant should do to develop an employment plan;

(3) explain that the activities and hourly requirements of the employment plan may be adjusted to accommodate the personal and family circumstances of applicants who meet the criteria in section 256J.561, subdivision 2, paragraph (d), and explain how a person should report to the county agency any status changes, and explain that an applicant who is not required to participate in employment services under section 256J.561 may volunteer to participate in employment and training services;

(4) for applicants who are not exempt from the requirement to attend orientation, arrange for an orientation under section 256J.45 and an assessment under section 256J.521;

(5) inform an applicant who is not exempt from the requirement to attend orientation that failure to attend the orientation is considered an occurrence of noncompliance with program requirements and will result in an imposition of a sanction under section 256J.46; and

(6) explain how to contact the county agency if an applicant has questions about compliance with program requirements;

(7) explain that before MFIP benefits can be issued to a family unit, the caregiver shall, in conjunction with a job counselor, develop and sign an employment plan. In two-parent family units, both parents shall develop and sign employment plans before benefits can be issued. Food support and health care benefits are not contingent on the requirement for a signed employment plan; and

(8) if child care is needed, the county agency shall obtain a completed application for child care from the applicant before the interview is terminated. The same day the application for child care is received, the application must be forwarded to the appropriate child care worker.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 31. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

Subd. 11. **Employment plan; MFIP benefits.** As soon as possible, but no later than ten working days after being notified that a participant is financially eligible for the MFIP program, the employment services provider shall provide the participant with an opportunity to meet to develop an initial employment plan. Once the initial employment plan has been developed and signed by the participant and the job counselor, the employment services provider shall notify the county within one working day that the employment plan has been signed. The county shall issue MFIP benefits within one working day after receiving notice that the employment plan has been signed.

**EFFECTIVE DATE.** This section is effective July 1, 2008.
Sec. 32.  Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

Subd. 12.  Immediate referral to employment services.  Within one working day of determination that the applicant is eligible for the MFIP program, but before benefits are issued to or on behalf of the family unit, the county shall refer all caregivers to employment services.  The referral to employment services must be in writing and must contain the following information:

(1) notification that, as part of the application process, applicants are required to develop an employment plan or the MFIP application will be denied;

(2) the employment services provider name and phone number;

(3) the immediate availability of supportive services including, but not limited to, child care, transportation, and other work-related aid; and

(4) the rights, responsibilities, and obligations of participants in the program including, but not limited to, the grounds for good cause, the consequences of refusing or failing to participate fully with program requirements, and the appeal process.

EFFECTIVE DATE.  This section is effective July 1, 2008."

Page 36, delete section 31

Page 40, delete section 32 and insert:

"Sec. 32.  Minnesota Statutes 2006, section 256J.32, subdivision 6, is amended to read:

Subd. 6.  Recertification.  The county agency shall recertify eligibility in an annual face-to-face interview with the participant and verify the following:

(1) presence of the minor child in the home, if questionable;

(2) income, unless excluded, including self-employment expenses used as a deduction or deposits or withdrawals from business accounts;

(3) assets when the value is within $200 of the asset limit;

(4) information to establish an exception under section 256J.24, subdivision 9, if questionable; and

(5) inconsistent information, if related to eligibility;

(6) beginning March 1, 2008, whether a single eligible caregiver household meets requirements in items (i) to (iv) for inclusion in a separately funded state program under section 256J.021, paragraph (d):

(i) the assistance unit has used 24 or more months of MFIP assistance at recertification under this section;

(ii) the caregiver is not employed;

(iii) the caregiver is not meeting participation requirements under section 256J.55, subdivision 1, paragraph (d), clauses (1) and (2); and
(iv) the caregiver meets at least one of the following criteria:

(A) a qualified professional has determined the caregiver is unable to obtain or retain employment due to an illness, injury, or incapacity that is expected to last at least 60 days;

(B) a qualified professional has certified that the caregiver is required in the home to provide care for a family member, a relative in the household, or a foster child with an illness, injury, or incapacity that is expected to continue more than 60 days;

(C) a qualified professional has determined that the caregiver is needed in the home to care for a child or adult meeting the special medical criteria in section 256J.561, subdivision 2, paragraph (d), clause (3);

(D) a qualified professional has determined that the caregiver is pregnant and unable to obtain or retain employment for at least 60 days due to the pregnancy;

(E) the caregiver has a documented disability and has applied for supplemental security income or Social Security disability insurance and a determination is pending; and

(F) the caregiver qualifies for a family violence waiver under section 256J.545."

"Sec. 34. Minnesota Statutes 2006, section 256J.42, subdivision 6, is amended to read:

Subd. 6. Case review. (a) Within 180 days, but not less than 60 days, before the end of the participant's 60th month on assistance, the county agency or job counselor must review the participant's case to determine if the employment plan is still appropriate or if the participant is exempt under section 256J.56 from the employment and training services component, and attempt to meet with the participant face-to-face. Beginning March 1, 2008, for single caregiver households included in the separately funded nonmaintenance of effort state program under section 256J.021, paragraph (c), clauses (2) to (4), the purpose of the case review is to confirm criteria under section 256J.32, subdivision 6, clause (6).

(b) During the face-to-face meeting, a county agency or the job counselor must:

(1) inform the participant how many months of counted assistance the participant has accrued and when the participant is expected to reach the 60th month;

(2) explain the hardship extension criteria under section 256J.425 and what the participant should do if the participant thinks a hardship extension applies;

(3) identify other resources that may be available to the participant to meet the needs of the family; and

(4) inform the participant of the right to appeal the case closure under section 256J.40.

(c) If a face-to-face meeting is not possible, the county agency must send the participant a notice of adverse action as provided in section 256J.31, subdivisions 4 and 5.

(d) Before a participant's case is closed under this section, the county must ensure that:

(1) the case has been reviewed by the job counselor's supervisor or the review team designated by the county to determine if the criteria for a hardship extension, if requested, were applied appropriately; and
Page 41, delete section 34

Page 42, delete section 35 and insert:

"Sec. 35. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 9. **Simplified sanctions for extended cases.** (a) Beginning July 1, 2008, if one or both participants in an assistance unit receiving assistance under this section are not in compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57, the following sanctions apply:

1. for a first occurrence of noncompliance, an assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (d);

2. for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

3. for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

If a participant is determined to be out of compliance, the participant may claim a good cause exception under section 256J.57.

(b) If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.

(c) If a two-parent assistance unit is extended under subdivision 3 or 4, and a parent who has not reached the 60-month time limit is out of compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57 when the case is extended, the sanction in the 61st month is considered the first sanction for the purposes of applying the sanctions in this subdivision, except that the sanction amount is reduced by 30 percent.

(d) If one or both participants in an assistance unit receiving assistance under this section refuses to cooperate, as determined by the child support agency, with support requirements under section 256.741, the following sanctions apply:

1. for a first occurrence of noncooperation, the assistance unit's grant is reduced by 30 percent of the applicable MFIP standard of need;

2. for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

3. for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

(e) A participant subject to a sanction for refusal to comply with child support requirements and subject to a concurrent employment services sanction is subject to sanctions under paragraphs (f) to (i).

(f) If the participant was sanctioned for:

1. noncompliance under paragraph (a) before being subject to sanction for noncooperation under paragraph (d); or
(2) noncooperation under paragraph (d) before being subject to sanction for noncompliance under paragraph (a), the participant is considered to have second occurrence of noncompliance and shall be sanctioned under section 256J.46, subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under section 256J.46, subdivision 3.

(g) A participant who first becomes subject to sanction under both paragraphs (a) and (d) in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant is reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second or third month of noncompliance and noncooperation, the participant is subject to the sanction under section 256J.46, subdivision 3, paragraph (e); and

(3) on the fourth month of noncompliance and noncooperation, the participant is disqualified.

(h) A participant remains subject to sanction under paragraph (d) if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under section 256J.46, subdivision 3, paragraph (f).

(i) A participant remains subject to sanction under paragraph (a) if the participant cooperates and is no longer subject to sanction under paragraph (d).

Sec. 36. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 10. **Status of disqualified participants under simplified sanctions.** (a) Beginning July 1, 2008, an assistance unit that is disqualified under subdivision 9, paragraph (a), may be approved for MFIP if the participant complies with MFIP requirements and demonstrates compliance for up to one month. No assistance shall be paid during this period.

(b) An assistance unit that is disqualified under subdivision 9 and that reapply under paragraph (a) is subject to sanction under section 256J.46, subdivision 3, paragraph (e), for a first occurrence of noncompliance. A subsequent occurrence of noncompliance results in a permanent disqualification.

(c) If one participant in a two-parent assistance unit receiving assistance under a hardship extension under subdivision 3 or 4 is determined to be out of compliance with MFIP requirements, the county shall give the assistance unit the option of disqualifying the noncompliant participant from MFIP. In that case, the assistance unit is treated as a one-parent assistance unit for the purposes of meeting the work requirements under subdivision 4, and the assistance unit's MFIP grant is calculated using the shared household standard under section 256J.08, subdivision 82a. An applicant who is disqualified from receiving assistance under this paragraph may reapply under paragraph (a). If a participant is disqualified from MFIP under this subdivision a second time, the participant is permanently disqualified from MFIP.

(d) Prior to a disqualification under this subdivision, a county agency must review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. If a face-to-face meeting is not conducted, the county agency shall send the participant a notice of adverse action as provided in section 256J.31. During the face-to-face meeting, the county agency shall:
(1) determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9):

(2) determine whether the participant qualifies for a good cause exception under section 256J.57;

(3) inform the participant of the family violence waiver criteria and make appropriate referrals if the waiver is requested;

(4) inform the participant of the participant’s sanction status and explain the consequences of continuing noncompliance;

(5) identify other resources that may be available to the participant to meet the needs of the family; and

(6) inform the participant of the right to appeal under section 256J.40."

Page 43, delete section 36 and insert:

"Sec. 36. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 3. Simplified sanctions. (a) Beginning July 1, 2008, a participant who fails without good cause under section 256J.57 to comply with the requirements of this chapter, and who is not subject to a sanction under subdivision 4, is subject to a sanction under this subdivision. Prior to the imposition of a sanction, a county agency shall provide a notice of intent to sanction under section 256J.57, subdivision 2, and, when applicable, a notice of adverse action under section 256J.31.

(b) A sanction under this subdivision becomes effective the month following the month in which a required notice is given. A sanction is not imposed when a participant comes into compliance with the requirements for orientation under section 256J.45 prior to the effective date of the sanction. A sanction is not imposed when a participant comes into compliance with the requirements for employment and training services under sections 256J.515 to 256J.57 ten days prior to the effective date of the sanction. For purposes of this subdivision, each month that a participant fails to comply with a requirement of this chapter is considered a separate occurrence of noncompliance. If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.

(c) Sanctions for noncompliance are imposed as prescribed by paragraphs (d) and (e).

(d) For the first occurrence of noncompliance by a participant in an assistance unit, the assistance unit’s grant is reduced by ten percent of the MFIP standard of need for an assistance unit of the same size with the residual grant paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant returns to compliance.

(e) For a second or third occurrence of noncompliance by a participant in an assistance unit, the assistance unit’s shelter costs must be vendor paid up to the amount of the cash portion of the MFIP grant for which the assistance unit is eligible. At county option, the assistance unit’s utilities may also be vendor paid up to the amount of the cash portion of the MFIP grant remaining after vendor payment of the assistance unit’s shelter costs. The residual amount of the grant after vendor payment, if any, is reduced by an amount equal to 30 percent of the MFIP standard of need for an assistance unit of the same size before the residual grant is paid to the assistance unit. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant in a one-parent assistance unit returns to compliance. In a two-parent assistance unit, the grant reduction must be in effect for a minimum of one month and is removed in the month following the month both
participants return to compliance. The vendor payment of shelter costs and utilities must be removed six months after the month in which the participant or participants return to compliance. If an assistance unit is sanctioned under this paragraph, the participant's case file must be reviewed to determine if the employment plan is still appropriate.

(f) For a fourth occurrence of noncompliance by a participant in an assistance unit, or when the participants in a two-parent assistance unit have a total of four occurrences of noncompliance, the county agency shall close the MFIP assistance unit's financial assistance case, including both the cash and food portions, and redetermine the family's continued eligibility for food support payments. The MFIP case must remain closed for a minimum of one full month. Before the case is closed, the county agency shall review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. The participant may bring an advocate to the face-to-face meeting. If a face-to-face meeting is not conducted, the county agency shall send the participant a written notice that includes the information required under paragraph (g).

(g) During the face-to-face meeting in paragraph (f), the county agency must:

(1) determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);

(2) determine whether the participant qualifies for a good cause exception under section 256J.57, or if the sanction is for noncooperation with child support requirements, determine if the participant qualifies for a good cause exemption under section 256.741, subdivision 10;

(3) determine whether the work activities in the employment plan are appropriate based on the criteria in section 256J.521, subdivision 2 or 3;

(4) determine whether the participant qualifies for the family violence waiver;

(5) inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;

(6) identify other resources that may be available to the participant to meet the needs of the family; and

(7) inform the participant of the right to appeal under section 256J.40.

If the lack of an identified activity or service can explain the noncompliance, the county must work with the participant to provide the identified activity.

The grant must be restored to the full amount for which the assistance unit is eligible retroactively to the first day of the month in which the participant was found to lack preemployment activities, a family violence waiver, or for a good cause exemption under section 256J.521, subdivision 2 or 3.

(h) For the purpose of applying sanctions under this subdivision, only occurrences of noncompliance that occur after July 1, 2008, are considered. If the participant is in 30 percent sanction in the month this section takes effect, that month counts as the first occurrence for purposes of applying the sanctions under this section, but the sanction must remain at 30 percent for that month.

(i) An assistance unit whose case is closed under paragraph (f) or (j), may reapply for MFIP and is eligible if the participant complies with MFIP program requirements and demonstrates compliance for up to one month. No assistance is paid during this period.
(j) An assistance unit whose case has been closed for noncompliance that re-applies under paragraph (i) is subject to sanction under paragraph (e) for a first occurrence of noncompliance. Any subsequent occurrence of noncompliance results in case closure under paragraph (f).

Sec. 37. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 4. **Simplified sanctions for refusal to cooperate with support requirements.** Beginning July 1, 2008, an MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, is subject to sanction under this subdivision and subdivision 1. For a first occurrence of noncooperation, the assistance unit's grant must be reduced by 30 percent of the applicable MFIP standard of need. Subsequent occurrences of noncooperation must be subject to sanction under subdivision 3, paragraphs (e) and (f). The residual amount of the grant, if any, is paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction is not imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction is removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an MFIP caregiver fails to comply with the requirements of section 256.741 is considered a separate occurrence of noncompliance for the purpose of applying sanctions under subdivision 3, paragraphs (e) and (f).

Sec. 38. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 5. **Simplified dual sanctions.** (a) Beginning July 1, 2008, notwithstanding the provisions of subdivisions 3 and 4, for a participant subject to a sanction for refusal to comply with child support requirements under subdivision 4 and subject to a concurrent sanction for refusal to cooperate with other support requirements under subdivision 3, sanctions must be imposed in the manner prescribed in this subdivision. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 3.

(b) If the participant was subject to sanction for:

(1) noncompliance under subdivision 3 before being subject to sanction for noncooperation under subdivision 4; or

(2) noncooperation under subdivision 4 before being subject to sanction for noncompliance under subdivision 3,

the participant is considered to have a second occurrence of noncompliance and is sanctioned as provided in subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 3 and 4 in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant must be reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second and subsequent months of noncompliance and noncooperation, the participant is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(d) A participant remains subject to sanction under subdivision 4 if the participant:
(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under subdivision 3, paragraph (f).

(e) A participant remains subject to the applicable level of sanction under subdivision 3 if the participant cooperates and is no longer subject to sanction under subdivision 4.

Page 44, delete section 37 and insert:

"Sec. 37.  Minnesota Statutes 2006, section 256J.49, subdivision 13, is amended to read:

Subd. 13. Work activity. "Work activity" means any activity in a participant’s approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

(1) unsubsidized employment, including work study and paid apprenticeships or internships;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, the self employment investment demonstration program (SEID) as specified in section 256J.65, paid work experience, and supported work when a wage subsidy is provided;

(3) unpaid work experience, including community service, volunteer work, the community service work experience program as specified in section 256J.67, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided;

(4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;

(5) job readiness education, including English as a second language (ESL) or functional work literacy classes as limited by the provisions of section 256J.531, subdivision 2, general educational development (GED) course work, high school completion, and adult basic education as limited by the provisions of section 256J.531, subdivision 1;

(6) job skills training directly related to employment, including education and training that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

Sec. 38.  Minnesota Statutes 2006, section 256J.50, subdivision 1, is amended to read:

Subdivision 1. Employment and training services component of MFIP. (a) Each county must develop and provide an employment and training services component which is designed to put participants on the most direct path to unsubsidized employment. Participation in these services is mandatory for all MFIP caregivers, unless the caregiver is exempt under section 256J.56.
(b) Effective July 1, 2008, a county must provide employment and training services under sections 256J.515 to 256J.74 within 30 days after the caregiver is determined eligible for MFIP, or within ten days when the caregiver participated in the diversionary work program under section 256J.95 within the past 12 months."

Page 45, delete section 38
Page 46, delete section 39
Page 48, delete section 40
Page 48, delete section 41 and insert:

"Sec. 41. Minnesota Statutes 2006, section 256J.531, is amended to read:

256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.

Subdivision 1. Approval of adult basic education. With the exception of classes related to obtaining a general educational development credential (GED), a participant must have reading or mathematics proficiency below a ninth grade level in order for adult basic education classes to be an approved work activity. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending adult basic education or general educational development classes.

Subd. 2. Approval of English as a second language. In order for English as a second language (ESL) classes to be an approved work activity in an employment plan, a participant must be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test. In approving ESL as a work activity, the job counselor must give preference to enrollment in a functional work literacy program, if one is available, over a regular ESL program. A participant may not be approved for more than 24 months of ESL classes while participating in the diversionary work program and the employment and training services component of MFIP. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending ESL classes. For participants enrolled in functional work literacy classes, no more than two-thirds of the participation requirements in section 256J.55, subdivision 1, may be met through attending functional work literacy classes.

EFFECTIVE DATE. This section is effective October 1, 2007."

Page 49, delete section 42
Page 50, delete section 43 and insert:

"Sec. 43. Minnesota Statutes 2006, section 256J.626, subdivision 7, is amended to read:

Subd. 7. Performance base funds. (a) Beginning calendar year 2005, each county and tribe will be allocated 95 percent of their initial calendar year allocation. Counties and tribes will be allocated additional funds based on performance as follows:

(1) for calendar year 2005, a county or tribe that achieves a 30 percent rate or higher on the MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and
(2) for calendar year 2006, a county or tribe that achieves a 40 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(3) for calendar year 2007, a county or tribe that achieves a 50 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) (1) for calendar year 2008, a county or tribe that achieves a 50 percent MFIP work participation rate as specified in the Personal Responsibility and Work Responsibility Act, Public Law 104-193, applied to all MFIP cases except child-only cases, as averaged across the four quarterly measurements for the most recent year for which the measurements are available, must receive an additional allocation equal to 2.5 percent of its initial allocation;

(2) for calendar years 2008 and yearly thereafter, a county or tribe that achieves a 50 percent MFIP TANF work participation rate under section 256J.751, subdivision 2, clause (4)(7), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(5) (3) for calendar years 2005 and thereafter, a county or tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to five percent of its initial allocation; or

(6) (4) for calendar years 2005 and thereafter, a county or tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(b) Performance-based funds for a federally approved tribal TANF program in which the state and tribe have in place a contract under section 256.01, addressing consolidated funding, will be allocated as follows:

(1) for calendar year 2006 and yearly thereafter, a tribe that achieves the participation rate approved in its federal TANF plan using the average of four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar years 2006 and thereafter, a tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to five percent of its initial allocation; or

(3) for calendar years 2006 and thereafter, a tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(c) Funds remaining unallocated after the performance-based allocations in paragraph (a) are available to the commissioner for innovation projects under subdivision 5.

(d)(1) If available funds are insufficient to meet county and tribal allocations under paragraph (a), the commissioner may make available for allocation funds that are unobligated and available from the innovation projects through the end of the current biennium.
(2) If after the application of clause (1) funds remain insufficient to meet county and tribal allocations under paragraph (a), the commissioner must proportionally reduce the allocation of each county and tribe with respect to their maximum allocation available under paragraph (a).

Sec. 44. Minnesota Statutes 2006, section 256J.626, is amended by adding a subdivision to read:

Subd. 10. Specialized employment. Beginning July 1, 2007, the commissioner shall make funds available annually to counties and tribes to develop paid and unpaid work experience positions for MFIP participants with no recent work history. The commissioner shall develop a process for approving requests and allocating funding in consultation with the counties and tribes.

Sec. 45. [256J.675] COMMUNITY SERVICE WORK EXPERIENCE.

Subdivision 1. Employment options. Community service work experience positions developed under this section are limited to projects that serve a useful public service such as health care, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, community service, services to aged or disabled citizens, and child care. To the extent possible, the prior training, skills, and experience of a participant must be considered in making appropriate work experience assignments.

Subd. 2. Placing participants in community service work experience. As a condition of placing a participant in a program under this section, the county agency shall ensure that:

(1) a participant is first given the opportunity for placement in suitable unsubsidized employment through participation in job search, or through participation in on-the-job training if such employment is available;

(2) after three months of participation in a community service work experience placement, and at the conclusion of each community service work experience assignment under this section, the participant’s employment plan is revised as appropriate;

(3) the maximum number of hours any participant works under this section does not exceed the amount of the MFIP grant, cash and food support, divided by the federal or applicable state minimum wage, whichever is higher; and

(4) a participant does not continue in a community work experience placement for more than nine months unless the maximum number of hours worked is no greater than the amount of the MFIP grant, cash and food support, divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site. This limit does not apply if it would prevent a participant from counting toward the federal work participation rate.

Sec. 46. [256J.678] INJURY PROTECTION FOR COMMUNITY SERVICE WORK EXPERIENCE PARTICIPANTS.

Subdivision 1. Authority. The Department of Administration, in consultation with the Department of Human Services, shall contract with an approved insurance carrier to provide coverage for injuries or death resulting from a person’s participation in paid and unpaid community work experience programs authorized by the commissioner for persons applying for or receiving DWP, MFIP, or food stamps, and participating in the Minnesota parent’s fair share program and the community service program under section 518.551, subdivision 5a, in a county with an approved community investment program for obligors.
Subd. 2. **Claims.** Claims that are subject to this section must be reported to the insurance carrier in a format approved by the carrier by the department of the state, county agency, or tribal program responsible for supervising the work.

Subd. 3. **Exclusive procedure.** The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, employees of the state, or the state's political subdivisions. The claimant is not entitled to seek damages from any other state, county, tribal, or reservation insurance policy or self-insurance program.

Subd. 4. **Requirements for worksites.** The department of the state, county agency, or tribal program responsible for supervising the work shall ensure that no participant is assigned to a worksite which is in violation of federal Occupational Safety and Health Administration and state Department of Labor and Industry safety standards or is under investigation to determine if those violations have occurred. All participants must be given the same safety information and training given to a paid employee performing similar work at that worksite."

Page 54, delete section 44
Page 55, delete section 45
Page 56, delete sections 46 and 47
Page 57, delete section 48
Page 58, delete section 49
Page 61, delete section 52
Page 62, after line 33, insert:

"Sec. 54. Minnesota Statutes 2006, section 256J.95, subdivision 15, is amended to read:

Subd. 15. **Limitations on certain work activities.** (a) Except as specified in paragraphs (b) to (d), employment activities listed in section 256J.49, subdivision 13, are allowable under the diversionary work program.

(b) Work activities under section 256J.49, subdivision 13, clause (5), shall be allowable only when in combination with approved work activities under section 256J.49, subdivision 13, clauses (1) to (4), and shall be limited to no more than one-half of the hours required in the employment plan.

(e) (b) In order for an English as a second language (ESL) class or Functional Work Literacy under section 256J.49, subdivision 13, clause (5), to be an approved work activity, a participant must:

(1) be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test; and

(2) not have been enrolled in ESL for more than 24 months while previously participating in MFIP or DWP. A participant who has been enrolled in ESL for 20 or more months may be approved for ESL until the participant has received 24 total months.

(d) (c) Work activities under section 256J.49, subdivision 13, clause (6), shall be allowable only when the training or education program will be completed within the four-month DWP period. Training or education programs that will not be completed within the four-month DWP period shall not be approved."
Page 115, line 21, delete "sections" and insert "section" and delete everything after "256J.29" and insert "is repealed."

Page 115, delete line 22

Page 115, after line 24, insert:

"Sec. 99. **REPEALER.**

Minnesota Statutes 2006, sections 256J.67; and 256J.68, are repealed effective

(b) Minnesota Statutes 2006, sections 256J.425, subdivisions 6 and 7; and 256J.46, subdivisions 1, 2, and 2a, are repealed effective June 30, 2008.

(c) Minnesota Statutes 2006, section 256J.29, is repealed."

Page 231, after line 21, insert:

"Sec. 62. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 4o. **Rate increase for facilities in Wright, Mille Lacs, and Isanti counties.** Effective October 1, 2007, operating payment rates of all nursing facilities in Wright, Mille Lacs, and Isanti counties that are reimbursed under this section or section 256B.441 shall be increased to be equal, for a RUG's rate with a weight of 1.00, to the geographic group III median rate for the same RUG's weight. The percentage of the operating payment rate for each facility to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted in that facility's September 30, 2007, operating payment rate. This subdivision shall apply only if it results in a rate increase. Increases provided by this subdivision shall be added to the rate determined under any new reimbursement system established under section 256B.441."

Page 477, line 22, delete "$4,269,000" and insert "$6,603,000"

Page 477, line 23, delete "$4,889,000" and insert "$6,847,000"

Page 477, after line 25 insert:

"**TANF Transfer to Federal Child Care and Development Fund.** The following TANF fund amount is appropriated to the commissioner for the purposes of MFIP transition year child care under MFIP, Minnesota Statutes, section 119B.05:

(1) fiscal year 2008, $5,643,000;

(2) fiscal year 2009, $14,372,000;

(3) fiscal year 2010, $17,616,000; and

(4) fiscal year 2011, $17,320,000."
The commissioner shall authorize transfer of sufficient TANF funds to the federal Child Care and Development Fund to meet this appropriation and shall ensure that all transferred funds are expended according the federal Child Care and Development Fund regulations."

Renumber the sections in sequence and correct the internal references

Adjust fund totals accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Erickson and Urdahl amendment and the roll was called. There were 43 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Abeler
Anderson, B.
Anderson, S.
Beard
Berns
Brod
Buesgens
Cornish
Dean
DeLaForest
Dettmer
Emmer
Erickson
Finstad
Garofalo
Gottwald

Abeler
Anderson, B.
Anderson, S.
Beard
Berns
Brod
Buesgens
Cornish
Dean
DeLaForest
Dettmer
Emmer
Erickson
Finstad
Garofalo
Gottwald

Those who voted in the negative were:

Anzelc
Atkins
Benson
Bigham
Bly
Brown
Brynaert
Bunn
Clark
Davnie
Demmer
Dill
Dittrich
Dominguez
Doty

Anzelc
Atkins
Benson
Bigham
Bly
Brown
Brynaert
Bunn
Clark
Davnie
Demmer
Dill
Dittrich
Dominguez
Doty

The motion did not prevail and the amendment was not adopted.
Urdahl and Shimanski moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 231, after line 12, insert:

"Sec. 61. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 4m. **Rate increase for facilities in Meeker County.** Effective July 1, 2007, operating payment rates of nursing facilities in Meeker County that are reimbursed under this section or section 256B.441 must be increased to be equal, for a RUG's rate with a weight of 1.00, to the Stearns County median rate for the same RUG's weight. The percentage of the operating payment rate for each facility to be case-mix adjusted must be equal to the percentage that is case-mix adjusted in that facility's June 30, 2006, operating payment rate. This subdivision applies only if it results in a rate increase."

Page 1, lines 17 and 18 of the Doty and Eken amendment to the Fritz et al amendment, adopted earlier today, delete "$38,000,000" and insert "$37,329,000"

Renumber the sections in sequence and correct the internal references

Adjust the totals accordingly

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Seifert moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 32, after line 34, insert:

"Sec. 24. Minnesota Statutes 2006, section 256.9862, subdivision 2, is amended to read:

Subd. 2. **Transaction fee.** The commissioner must charge transaction fees in accordance with this subdivision up to a maximum of $10 in transaction fees per cardholder per month. In a given month, the first four cash withdrawals made by an individual cardholder are free. For subsequent cash withdrawals, $1 may be charged. No transaction fee can be charged if the card is used to purchase goods or services on a point of sale basis to cardholders. A transaction fee subsequently set by the federal government may supersede a fee established under this subdivision. The fees shall be appropriated to the commissioner and used for electronic benefit purposes."

Page 40, after line 15, insert:

"Sec. 33. Minnesota Statutes 2006, section 256J.39, is amended by adding a subdivision to read:

Subd. 1a. **Prohibited purchases.** MFIP recipients are prohibited from using MFIP monthly cash assistance payments issued in the form of an electronic benefits transfer to purchase tobacco products or alcohol."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.
The question was taken on the Seifert amendment and the roll was called. There were 103 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abeler  Demmer  Hansen  Liebling  Pelowski  Solberg
Anderson, B.  Dettmer  Haws  Lieder  Peppin  Sviggum
Anderson, S.  Dill  Heidgerken  Lillie  Peterson, A.  Swails
Anzelc  Dittrich  Hilstrom  Madore  Peterson, N.  Tillberry
Atkins  Doty  Holberg  Magnus  Peterson, S.  Tingelstad
Beard  Eken  Hoppe  Marquart  Poppe  Tschumper
Benson  Emmer  Hortman  Masin  Ruth  Urdahl
Benn  Erhardt  Hosch  McFarlane  Ruud  Ward
Bigham  Erickson  Howes  McNamara  Sailer  Welti
Bly  Faust  Juhnke  Moe  Scalze  Westrom
Brod  Finstad  Kalin  Morgan  Seifert  Winkler
Brown  Fritz  Knoth  Morrow  Severson  Wollschlager
Brynaert  Gardner  Koenen  Nornes  Shimanski  Zellers
Buesgens  Garofalo  Kohls  Norton  Simon
Bunn  Gottwald  Kranz  Olin  Simpson
Cornish  Günther  Laine  Olson  Slawik
Dean  Hackbarth  Lanning  Otremba  Slocum
DeLaForest  Hamilton  Lenczewski  Paulsen  Smith

Those who voted in the negative were:

Clark  Hilty  Kahn  Mullery  Sertich  Spk. Kelliher
Davnie  Hornstein  Lesch  Murphy, E.  Thao
Domínguez  Huntley  Loeffler  Murphy, M.  Thissen
Greiling  Jaros  Mahoney  Nelson  Wagenius
Hausman  Johnson  Mariani  Rukavina  Walker

The motion prevailed and the amendment was adopted.

Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 298, line 27, delete "and other nonclinical data" and delete "uniquely"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There were 51 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Abeler  Beard  Buesgens  Dean  Dettmer  Finstad
Anderson, B.  Berns  Bunn  DeLaForest  Emmer  Garofalo
Anderson, S.  Brod  Cornish  Demmer  Erickson  Gottwald
Demmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 376, delete article 8, and insert:

"ARTICLE 8

HEALTHY CONNECTIONS

Section 1. Minnesota Statutes 2006, section 13.46, subdivision 2, is amended to read:

Subd. 2. **General.** (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; evaluate the effectiveness of programs; and investigate suspected fraud;
(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual’s and their dependent’s names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Education, and the Department of Employment and Economic Development for the purpose of monitoring the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the Minnesota family investment program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;
(ii) the location or apprehension of the felon is within the law enforcement officer’s official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;
(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions; or

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education; or

(30) pursuant to section 256L.02, subdivision 6, between the welfare system and the Minnesota Health Insurance Exchange, under section 62A.67, in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L and to administer the individual's and their families' participation in the program.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 2. [62A.67] MINNESOTA HEALTH INSURANCE EXCHANGE.

Subdivision 1. Title; citation. This section may be cited as the "Minnesota Health Insurance Exchange."
Subd. 2. **Creation; tax exemption.** The Minnesota Health Insurance Exchange is created for the limited purpose of providing individuals with greater access, choice, portability, and affordability of health insurance products. The Minnesota Health Insurance Exchange is a not-for-profit corporation under chapter 317A and section 501(c) of the Internal Revenue Code.

Subd. 3. **Definitions.** The following terms have the meanings given them unless otherwise provided in text.

(a) "Board" means the board of directors of the Minnesota Health Insurance Exchange under subdivision 13.

(b) "Commissioner" means:

(1) the commissioner of commerce for health insurers subject to the jurisdiction of the Department of Commerce;

(2) the commissioner of health for health insurers subject to the jurisdiction of the Department of Health; or

(3) either commissioner's designated representative.

(c) "Exchange" means the Minnesota Health Insurance Exchange.

(d) "HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

(e) "Individual market health plans," unless otherwise specified, means individual market health plans defined in section 62A.011 and MinnesotaCare II products as defined in chapter 256L.

(f) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.

Subd. 4. **Insurer and health plan participation.** All health plans as defined in section 62A.011, subdivision 3, issued or renewed in the individual market shall participate in the exchange. No health plans in the individual market may be issued or renewed outside of the exchange. Group health plans as defined in section 62A.10 shall not be offered through the exchange. Health plans offered through the Minnesota Comprehensive Health Association as defined in section 62E.10 are offered through the exchange to eligible enrollees as determined by the Minnesota Comprehensive Health Association. Health plans offered through MinnesotaCare and MinnesotaCare II under chapter 256L are offered through the exchange to eligible enrollees as determined by the commissioner of human services.

Subd. 5. **Approval of health plans.** No health plan may be offered through the exchange unless the commissioner has first certified that:

(1) the insurer seeking to offer the health plan is licensed to issue health insurance in the state; and

(2) the health plan meets the requirements of this section, and the health plan and the insurer are in compliance with all other applicable health insurance laws.

Subd. 6. **Individual market health plans.** Individual market health plans offered through the exchange continue to be regulated by the commissioner as specified in chapters 62A, 62C, 62D, 62E, 62Q, and 72A, and must include the following provisions that apply to all health plans issued or renewed through the exchange:

(1) premiums for children under the age of 19 shall not vary by age in the exchange; and
(2) premiums for children under the age of 19 must be excluded from rating factors requirements under section 62A.65, subdivision 3, paragraph (b).

Subd. 7. MinnesotaCare II health plans. Health plans approved for MinnesotaCare II under section 256L.075 shall be offered by participating insurers to exchange participants not enrolled in MinnesotaCare II.

Subd. 8. Individual participation and eligibility. Individuals are eligible to purchase health plans directly through the exchange or through an employer Section 125 Plan under section 62A.68. Nothing in this section requires guaranteed issue of individual market health plans offered through the exchange. Individuals are eligible to purchase individual market health plans through the exchange by meeting one or more of the following qualifications:

(1) the individual is a Minnesota resident, meaning the individual is physically residing on a permanent basis in a place that is the person's principal residence and from which the person is absent only for temporary purposes;

(2) the individual is a student attending an institution outside of Minnesota and maintains Minnesota residency;

(3) the individual is not a Minnesota resident but is employed by an employer physically located within the state and the individual's employer does not offer a group health insurance plan as defined in section 62A.10, but does offer a Section 125 Plan through the exchange under section 62A.68;

(4) the individual is not a Minnesota resident but is self-employed and the individual's principal place of business is in the state; or

(5) the individual is a dependent as defined in section 62L.02, of another individual who is eligible to participate in the exchange.

Subd. 9. Continuation of coverage. Enrollment in a health plan may be canceled for nonpayment of premiums, fraud, or changes in eligibility for MinnesotaCare under chapter 256L. Enrollment in an individual market health plan may not be canceled or renewed because of any change in employer or employment status, marital status, health status, age, residence, or any other change that does not affect eligibility as defined in this section.

Subd. 10. Responsibilities of the exchange. The exchange shall serve as the sole entity for enrollment and collection and transfer of premium payments for health plans offered through the exchange. The exchange shall be responsible for the following functions:

(1) publicize the exchange, including but not limited to its functions, eligibility rules, and enrollment procedures;

(2) provide assistance to employers to set up an employer Section 125 Plan under section 62A.68;

(3) create a system to allow individuals to compare and enroll in health plans offered through the exchange;

(4) create a system to collect and transmit to the applicable plans all premium payments or contributions made by or on behalf of individuals, including developing mechanisms to receive and process automatic payroll deductions for individuals enrolled in employer Section 125 Plans;

(5) refer individuals interested in MinnesotaCare or MinnesotaCare II under chapter 256L to the Department of Human Services to determine eligibility;

(6) establish a mechanism with the Department of Human Services to transfer premiums and subsidies for MinnesotaCare and MinnesotaCare II to qualify for federal matching payments;
(7) administer bonus accounts as defined in chapter 256L to reimburse MinnesotaCare II enrollees for qualified medical expenses under section 213(d) of the Internal Revenue Code;

(8) collect and assess information for eligibility for bonus accounts and premium incentives under chapter 256L;

(9) upon request, issue certificates of previous coverage according to the provisions of HIPAA and as referenced in section 62Q.181 to all such individuals who cease to be covered by a participating health plan through the exchange;

(10) establish procedures to account for all funds received and disbursed by the exchange for individual participants of the exchange; and

(11) make available to the public, at the end of each calendar year, a report of an independent audit of the exchange’s accounts.

Subd. 11. Powers of the exchange. The exchange shall have the power to:

(1) contract with insurance producers licensed in accident and health insurance under chapter 60K and vendors to perform one or more of the functions specified in subdivision 10;

(2) contract with employers to act as the plan administrator for participating employer Section 125 Plans and to undertake the obligations required by federal law of a plan administrator;

(3) establish and assess fees on health plan premiums of health plans purchased through the exchange to fund the cost of administering the exchange;

(4) seek and directly receive grant funding from government agencies or private philanthropic organizations to defray the costs of operating the exchange;

(5) establish and administer rules and procedures governing the operations of the exchange;

(6) establish one or more service centers within Minnesota;

(7) sue or be sued or otherwise take any necessary or proper legal action;

(8) establish bank accounts and borrow money; and

(9) enter into agreements with the commissioners of commerce, health, human services, revenue, employment and economic development, and other state agencies as necessary for the exchange to implement the provisions of this section.

Subd. 12. Dispute resolution. The exchange shall establish procedures for resolving disputes with respect to the eligibility of an individual to participate in the exchange. The exchange does not have the authority or responsibility to intervene in or resolve disputes between an individual and a health plan or health insurer. The exchange shall refer complaints from individuals participating in the exchange to the commissioner of human services to be resolved according to sections 62Q.68 to 62Q.73.

Subd. 13. Governance. The exchange shall be governed by a board of directors with 11 members. The board shall convene on or before July 1, 2007, after the initial board members have been selected. The initial board membership consists of the following:
(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by a joint committee of the Minnesota senate and the Minnesota house of representatives to serve three-year terms; and

(5) four members appointed by the governor to serve three-year terms.

Subd. 14. Subsequent board membership. Ongoing membership of the exchange consists of the following effective July 1, 2010:

(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by the governor with the approval of a joint committee of the senate and house of representatives to serve two- or three-year terms. Appointed members may serve more than one term; and

(5) four members elected by the membership of the exchange of which two are elected to serve a two-year term and two are elected to serve a three-year term. Elected members may serve more than one term.

Subd. 15. Operations of the board. Officers of the board of directors are elected by members of the board and serve one-year terms. Six members of the board constitutes a quorum, and the affirmative vote of six members of the board is necessary and sufficient for any action taken by the board. Board members serve without pay, but are reimbursed for actual expenses incurred in the performance of their duties.

Subd. 16. Operations of the exchange. The board of directors shall appoint an exchange director who shall:

(1) be a full-time employee of the exchange;

(2) administer all of the activities and contracts of the exchange; and

(3) hire and supervise the staff of the exchange.

Subd. 17. Insurance producers. When a producer licensed in accident and health insurance under chapter 60K enrolls an eligible individual in the exchange, the health plan chosen by an individual may pay the producer a commission.

Subd. 18. Implementation. Health plan coverage through the exchange begins on January 1, 2009. The exchange must be operational to assist employers and individuals by September 1, 2008, and be prepared for enrollment by December 1, 2008. Enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association as of December 2, 2008, are automatically enrolled in the exchange on January 1, 2009, in the same health plan and at the same premium that they were enrolled as of December 2, 2008, subject to the provisions of this section. As of January 1, 2009, all enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association shall make premium payments to the exchange.
Subd. 19. **Study of insurer issue requirements.** In consultation with the commissioners of commerce and health, the exchange shall study and make recommendations on rating requirements and risk adjustment mechanisms that could be implemented to facilitate increased enrollment in the exchange by employers and employees through employer Section 125 Plans. The exchange shall report study findings and recommendations to the chairs of house and senate committees having jurisdiction over commerce and health by January 15, 2011.

Sec. 3. **[62A.68] SECTION 125 PLANS.**

Subdivision 1. **Definitions.** The following terms have the meanings given unless otherwise provided in text:

(a) "Current employee" means an employee currently on an employer's payroll other than a retiree or disabled former employee.

(b) "Employer" means a person, firm, corporation, partnership, association, business trust, or other entity employing one or more persons, including a political subdivision of the state, filing payroll tax information on such employed person or persons.

(c) "Section 125 Plan" means a Premium Only Plan under section 125 of the Internal Revenue Code.

(d) "Exchange" means the Minnesota Health Insurance Exchange under section 62A.67.

(e) "Exchange director" means the appointed director under section 62A.67, subdivision 16.

Subd. 2. **Section 125 Plan requirement.** Effective January 1, 2009, all employers with 11 or more current employees shall offer a Section 125 Plan through the exchange to allow their employees to pay for health insurance premiums with pretax dollars. The following employers are exempt from the Section 125 Plan requirement:

(1) employers that offer a group health insurance plan as defined in 62A.10;

(2) employers that offer group health insurance through a self-insured plan as defined in section 62E.02; and

(3) employers with fewer than 11 current employees, except that employers under this clause may voluntarily offer a Section 125 Plan.

Subd. 3. **Tracking compliance.** By July 1, 2008, the exchange, in consultation with the commissioners of commerce, health, employment and economic development, and revenue shall establish a method for tracking employer compliance with the Section 125 Plan requirement.

Subd. 4. **Employer requirements.** Employers that are required to offer or choose to offer a Section 125 Plan through the exchange shall enter into an annual binding agreement with the exchange, which includes the terms in paragraphs (a) to (h).

(a) The employer shall designate the exchange director to be the plan's administrator for the employer's plan and the exchange director agrees to undertake the obligations required of a plan administrator under federal law.

(b) Only the coverage and benefits offered by participating insurers in the exchange constitutes the coverage and benefits of the participating employer plan.

(c) Any individual eligible to participate in the exchange may elect coverage under any participating health plan for which they are eligible, and neither the employer nor the exchange shall limit choice of coverage from among all the participating insurance plans for which the individual is eligible.
(d) The employer shall deduct premium amounts on a pretax basis in an amount not to exceed an employee's wages and make payments to the exchange as directed by employees for health plans employees enroll in through the exchange.

(e) The employer shall not offer individuals eligible to participate in the exchange any separate or competing group health plan under section 62A.10.

(f) The employer reserves the right to determine the terms and amounts of the employer's contribution to the plan, if any.

(g) The employer shall make available to the exchange any of the employer's documents, records, or information, including copies of the employer's federal and state tax and wage reports that are necessary for the exchange to verify:

(1) that the employer is in compliance with the terms of its agreement with the exchange governing the participating employer plan;

(2) that the participating employer plan is in compliance with applicable state and federal laws, including those relating to nondiscrimination in coverage; and

(3) the eligibility of those individuals enrolled in the participating employer plan.

(h) The exchange shall not provide the participating employer plan with any additional or different services or benefits not otherwise provided or offered to all other participating employer plans.

Subd. 5. Section 125 eligible health plans. Individuals eligible to enroll in health plans through an employer Section 125 Plan through the exchange may enroll in any health plan offered through the exchange for which the individual is eligible including individual market health plans, MinnesotaCare and MinnesotaCare II, and the Minnesota Comprehensive Health Association.

Sec. 4. Minnesota Statutes 2006, section 62E.141, is amended to read:

62E.141 INCORPORATION IN EMPLOYER-SPONSORED PLAN.

No employee of an employer that offers a group health plan, under which the employee is eligible for coverage, is eligible to enroll, or continue to be enrolled, in the comprehensive health association, except for enrollment or continued enrollment necessary to cover conditions that are subject to an unexpired preexisting condition limitation, preexisting condition exclusion, or exclusionary rider under the employer's health plan. This section does not apply to persons enrolled in the Comprehensive Health Association as of June 30, 1993. With respect to persons eligible to enroll in the health plan of an employer that has more than 29 current employees, as defined in section 62L.02, this section does not apply to persons enrolled in the Comprehensive Health Association as of December 31, 1994.

Sec. 5. Minnesota Statutes 2006, section 62L.12, subdivision 2, is amended to read:

Subd. 2. Exceptions. (a) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage under section 62D.104 as a result of leaving a health maintenance organization's service area.

(b) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage as a result of the expiration of any continuation of group coverage required under sections 62A.146, 62A.17, 62A.21, 62C.142, 62D.101, and 62D.105.
(c) A health carrier may sell, issue, or renew conversion policies under section 62E.16 to eligible employees.

(d) A health carrier may sell, issue, or renew individual continuation policies to eligible employees as required.

(e) A health carrier may sell, issue, or renew individual health plans if the coverage is appropriate due to an unexpired preexisting condition limitation or exclusion applicable to the person under the employer's group health plan or due to the person's need for health care services not covered under the employer's group health plan.

(f) A health carrier may sell, issue, or renew an individual health plan, if the individual has elected to buy the individual health plan not as part of a general plan to substitute individual health plans for a group health plan nor as a result of any violation of subdivision 3 or 4.

(g) Nothing in this subdivision relieves a health carrier of any obligation to provide continuation or conversion coverage otherwise required under federal or state law.

(h) Nothing in this chapter restricts the offer, sale, issuance, or renewal of coverage issued as a supplement to Medicare under sections 62A.3099 to 62A.44, or policies or contracts that supplement Medicare issued by health maintenance organizations, or those contracts governed by sections 1833, 1851 to 1859, 1860D, or 1876 of the federal Social Security Act, United States Code, title 42, section 1395 et seq., as amended.

(i) Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans necessary to comply with a court order.

(j) A health carrier may offer, issue, sell, or renew an individual health plan to persons eligible for an employer group health plan, if the individual health plan is a high deductible health plan for use in connection with an existing health savings account, in compliance with the Internal Revenue Code, section 223. In that situation, the same or a different health carrier may offer, issue, sell, or renew a group health plan to cover the other eligible employees in the group.

(k) A health carrier may offer, sell, issue, or renew an individual health plan to one or more employees of a small employer if the individual health plan is marketed directly to all employees of the small employer and the small employer does not contribute directly or indirectly to the premiums or facilitate the administration of the individual health plan. The requirement to market an individual health plan to all employees does not require the health carrier to offer or issue an individual health plan to any employee. For purposes of this paragraph, an employer is not contributing to the premiums or facilitating the administration of the individual health plan if the employer does not contribute to the premium and merely collects the premiums from an employee's wages or salary through payroll deductions and submits payment for the premiums of one or more employees in a lump sum to the health carrier. Except for coverage under section 62A.65, subdivision 5, paragraph (b), or 62E.16, at the request of an employee, the health carrier may bill the employer for the premiums payable by the employee, provided that the employer is not liable for payment except from payroll deductions for that purpose. If an employer is submitting payments under this paragraph, the health carrier shall provide a cancellation notice directly to the primary insured at least ten days prior to termination of coverage for nonpayment of premium. Individual coverage under this paragraph may be offered only if the small employer has not provided coverage under section 62L.03 to the employees within the past 12 months.

The employer must provide a written and signed statement to the health carrier that the employer is not contributing directly or indirectly to the employee's premiums. The health carrier may rely on the employer's statement and is not required to guarantee-issue individual health plans to the employer's other current or future employees.
Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans through the Minnesota Health Insurance Exchange under section 62A.67 or 62A.68.

Sec. 6. [256.962] MINNESOTA HEALTH CARE PROGRAMS OUTREACH.

Subdivision 1. Public awareness and education. The commissioner shall design and implement a statewide campaign to raise public awareness on the availability of health coverage through medical assistance, general assistance medical care, and MinnesotaCare and to educate the public on the importance of obtaining and maintaining health care coverage. The campaign shall include multimedia messages directed to the general population.

Subd. 2. Outreach grants. (a) The commissioner shall award grants to public and private organizations or regional collaboratives for outreach activities, including, but not limited to:

(1) providing information, applications, and assistance in obtaining coverage through Minnesota public health care programs;

(2) collaborating with public and private entities such as hospitals, providers, health plans, legal aid offices, pharmacies, insurance agencies, and faith-based organizations to develop outreach activities and partnerships to ensure the distribution of information and applications and provide assistance in obtaining coverage through Minnesota health care programs; and

(3) providing or collaborating with public and private entities to provide multilingual and culturally specific information and assistance to applicants in areas of high uninsurance in the state or populations with high rates of uninsurance.

(b) The commissioner shall ensure that all outreach materials are available in languages other than English.

(c) The commissioner shall establish an outreach trainer program to provide training to designated individuals from the community and public and private entities on application assistance in order for these individuals to provide training to others in the community on an as-needed basis.

Subd. 3. Application and assistance. (a) The Minnesota health care programs application must be made available at provider offices, local human services agencies, school districts, public and private elementary schools in which 25 percent or more of the students receive free or reduced price lunches, community health offices, Women, Infants and Children (WIC) program sites, Head Start program sites, public housing councils, child care centers, early childhood education and preschool program sites, legal aid offices, and libraries. The commissioner shall ensure that applications are available in languages other than English.

(b) Local human service agencies, hospitals, and health care community clinics receiving state funds must provide direct assistance in completing the application form, including the free use of a copy machine and a drop box for applications. These locations must ensure that the drop box is checked at least weekly and any applications are submitted to the commissioner. The commissioner shall provide these entities with an identification number to stamp on each application to identify the entity that provided assistance. Other locations where applications are required to be available shall either provide direct assistance in completing the application form or provide information on where an applicant can receive application assistance.

(c) Counties must offer applications and application assistance when providing child support collection services.

(d) Local public health agencies and counties that provide immunization clinics must offer applications and application assistance during these clinics.
(e) The commissioner shall coordinate with the commissioner of health to ensure that maternal and child health outreach efforts include information on Minnesota health care programs and application assistance, when needed.

Subd. 4. **Statewide toll-free telephone number.** The commissioner shall provide funds for a statewide toll-free telephone number to provide information on public and private health coverage options and sources of free and low-cost health care. The statewide telephone number must provide the option of obtaining this information in languages other than English.

Subd. 5. **Incentive program.** The commissioner shall establish an incentive program for organizations that directly identify and assist potential enrollees in filling out and submitting an application. For each applicant who is successfully enrolled in MinnesotaCare, medical assistance, or general assistance medical care, the commissioner shall pay the organization a $25 application assistance bonus. The organization may provide an applicant a gift certificate or other incentive upon enrollment.

Subd. 6. **School districts.** (a) At the beginning of each school year, a school district shall provide information to each student on the availability of health care coverage through the Minnesota health care programs.

(b) For each child who is determined to be eligible for a free or reduced priced lunch, the district shall provide the child's family with an application for the Minnesota health care programs and information on how to obtain application assistance.

(c) A district shall also ensure that applications and information on application assistance are available at early childhood education sites and public schools located within the district's jurisdiction.

(d) Each district shall designate an enrollment specialist to provide application assistance and follow-up services with families who are eligible for the reduced or free lunch program or who have indicated an interest in receiving information or an application for the Minnesota health care program.

(e) Each school district shall provide on their Web site a link to information on how to obtain an application and application assistance.

Subd. 7. **Renewal notice.** (a) The commissioner shall mail a renewal notice to enrollees notifying the enrollees that the enrollee's eligibility must be renewed. A notice shall be sent at least 90 days prior to the renewal date and at least 60 days prior to the renewal date.

(b) For enrollees who are receiving services through managed care plans, the managed care plan must provide a follow-up renewal call at least 60 days prior to the enrollees' renewal dates.

(c) The commissioner shall include the end of coverage dates on the monthly rosters of enrollees provided to managed care organizations.

Sec. 7. Minnesota Statutes 2006, section 256B.057, subdivision 8, is amended to read:

Subd. 8. **Children under age two.** Medical assistance may be paid for a child under two years of age whose countable family income is above 275 percent of the federal poverty guidelines for the same size family but less than or equal to 305 percent of the federal poverty guidelines for the same size family.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.
Sec. 8. Minnesota Statutes 2006, section 256L.02, subdivision 3, is amended to read:

Subd. 3. **Financial management.** (a) The commissioner shall manage spending for the MinnesotaCare program in a manner that maintains a minimum reserve. As part of each state revenue and expenditure forecast, the commissioner must make an assessment of the expected expenditures for the covered services for the remainder of the current biennium and for the following biennium. The estimated expenditure, including the reserve, shall be compared to an estimate of the revenues that will be available in the health care access fund. Based on this comparison, and after consulting with the chairs of the house Ways and Means Committee and the senate Finance Committee, and the Legislative Commission on Health Care Access, the commissioner shall, as necessary, make the adjustments specified in paragraph (b) to ensure that expenditures remain within the limits of available revenues for the remainder of the current biennium and for the following biennium. The commissioner shall not hire additional staff using appropriations from the health care access fund until the commissioner of finance makes a determination that the adjustments implemented under paragraph (b) are sufficient to allow MinnesotaCare expenditures to remain within the limits of available revenues for the remainder of the current biennium and for the following biennium.

(b) The adjustments the commissioner shall use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days’ notice, stop coverage of single adults and households without children already enrolled in the MinnesotaCare program; third, upon 90 days’ notice, decrease the premium subsidy amounts by ten percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the MinnesotaCare program. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner shall further limit enrollment or decrease premium subsidies.

(c) The commissioner shall work in cooperation with the Minnesota Health Insurance Exchange under section 62A.67 to make adjustments under paragraph (b) as required under this subdivision.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 9. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

Subd. 5. **Enrollment responsibilities.** According to section 256L.05, subdivision 6, effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 shall assume responsibility for enrolling eligible applicants and enrollees in a health plan for MinnesotaCare coverage. The commissioner shall maintain responsibility for determining eligibility for MinnesotaCare.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 10. Minnesota Statutes 2006, section 256L.02, is amended by adding a subdivision to read:

Subd. 6. **Exchange of data.** An entity that is part of the welfare system as defined in section 13.46, subdivision 1, paragraph (c), and the Minnesota Health Insurance Exchange under section 62A.67 may exchange private data about individuals without the individual's consent in order to enroll and collect premiums from individuals in the MinnesotaCare program under chapter 256L and to administer the individual's and the individual's family's participation in the program. This subdivision only applies if the entity that is part of the welfare system and the Minnesota Health Insurance Exchange have entered into an agreement that complies with the requirements in Code of Federal Regulations, title 45, section 164.314.
Sec. 11. Minnesota Statutes 2006, section 256L.04, subdivision 1, is amended to read:

Subdivision 1. Families with children. (a) A child in a family with family income equal to or less than 300 percent of the federal poverty guidelines for the applicable family size is eligible for MinnesotaCare under this section. Adults in families with children with family income equal to or less than 275 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, shall apply unless otherwise specified.

(b) Parents who enroll in the MinnesotaCare program must also enroll their children, if the children are eligible. Children may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. If one spouse in a household enrolls, the other spouse in the household must also enroll, unless other insurance is available. Families cannot choose to enroll only certain uninsured members.

(c) Beginning October 1, 2003, the dependent sibling definition no longer applies to the MinnesotaCare program. These persons are no longer counted in the parental household and may apply as a separate household.

(d) Beginning July 1, 2003, or upon federal approval, whichever is later, parents are not eligible for MinnesotaCare if their gross income exceeds $50,000.

EFFECTIVE DATE. This section is effective January 1, 2009, or upon federal approval, whichever is later.

The commissioner of human services shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 12. Minnesota Statutes 2006, section 256L.05, subdivision 5, is amended to read:

Subd. 5. Availability of private insurance. (a) The commissioner, in consultation with the commissioners of health and commerce, shall provide information regarding the availability of private health insurance coverage and the possibility of disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), to all: (1) families enrolled in the MinnesotaCare program whose gross family income is equal to or more than 225 percent of the federal poverty guidelines; and (2) single adults and households without children enrolled in the MinnesotaCare program whose gross family income is equal to or more than 165 percent of the federal poverty guidelines. This information must be provided Minnesota Health Insurance Exchange under section 62A.67 upon initial enrollment and annually thereafter. The commissioner shall also include information regarding the availability of private health insurance coverage in the notice of ineligibility provided to persons subject to disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), must include information about assistance with identifying and selecting private health insurance coverage provided by the Minnesota Health Insurance Exchange under section 62A.67.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 13. Minnesota Statutes 2006, section 256L.05, is amended by adding a subdivision to read:

Subd. 6. Minnesota Health Insurance Exchange. The commissioner shall refer all MinnesotaCare applicants and enrollees to the Minnesota Health Insurance Exchange under section 62A.67. The Minnesota Health Insurance Exchange shall provide those referred with assistance in selecting a managed care plan through which to receive


MinnesotaCare covered services and in analyzing health plans available through the private market. MinnesotaCare applicants and enrollees shall effect enrollment in a managed care plan or a private market health plan through the Minnesota Health Insurance Exchange.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 14. Minnesota Statutes 2006, section 256L.06, subdivision 3, is amended to read:

Subd. 3. Commissioner’s duties and payment. (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments at the time of eligibility renewal, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier’s check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.

(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month for which the premium was due. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll until four calendar months have elapsed. Persons disenrolled for nonpayment who pay all past due premiums as well as current premiums due, including premiums due for the period of disenrollment, within 20 days of disenrollment, shall be reenrolled retroactively to the first day of disenrollment. Persons disenrolled for nonpayment or who voluntarily terminate coverage from the program may not reenroll for four calendar months unless the person demonstrates good cause for nonpayment. Good cause does not exist if a person chooses to pay other family expenses instead of the premium. The commissioner shall define good cause in rule.

**EFFECTIVE DATE.** This section is effective January 1, 2009, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 15. [256L.075] MINNESOTACARE II OPTION ESTABLISHED.

Subdivision 1. Program established; enrollment. The Minnesota Health Insurance Exchange under section 62A.67, in consultation with the commissioner, shall establish and administer a program that subsidizes the purchase of private market health plans for children eligible for MinnesotaCare in families with family income above 200 percent, but not exceeding 300 percent, of the federal poverty guidelines. The program established under this section is referred to as MinnesotaCare II. The private market health coverage provided under this section is an alternative to coverage under section 256L.03. Notwithstanding section 256L.12, children obtaining coverage under this section shall enroll in a health plan, as defined in section 62A.011, subdivision 3, through the individual market, that covers, at a minimum, the standard benefit set established in subdivision 2. Enrollment under this section is administered by the Minnesota Health Insurance Exchange. Eligibility under this section is determined by the commissioner. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, apply to this section unless otherwise specified.
Subd. 2. **Benefit set.** The Minnesota Health Insurance Exchange, in consultation with the commissioner, shall establish a standard benefit set for health plans that qualify for a subsidy under this section. The standard benefit set must be reviewed, and, if necessary, modified on an annual basis. Notwithstanding section 256L.03, subdivision 5, the benefit set may require co-payments, deductibles, and maximum annual out-of-pocket enrollee cost-sharing limits.

Subd. 3. **Health carrier participation.** (a) Health insurers with at least three percent of the market share of premium volume from individual market health plans as determined from loss ratio reports filed under section 62A.021, subdivision 1, paragraph (h), shall offer at least one health plan that covers the standard benefit set, or its actuarial equivalent as determined by the commissioner of commerce, to children enrolled under this section. Health issuers shall offer a health plan that covers the standard benefit set, without a subsidy, to adults so that families can enroll in a single plan. Health insurers that are not required to participate may participate voluntarily. The Minnesota Health Insurance Exchange shall certify those health plans that meet the standards in subdivision 2 and qualify for a subsidy under this section.

(b) Health insurers offering coverage under this section may offer up to three additional health plan products approved by the commissioner of commerce as actuarially equivalent or better than the standard plan established in subdivision 2. The additional products must also qualify for a subsidy if purchased to cover children eligible under this section.

(c) Nothing in this subdivision requires guaranteed issue of MinnesotaCare II health plans.

Subd. 4. **State subsidy; premium.** The cost of coverage for children enrolled under this section is subsidized based on a sliding scale. The amount of the subsidy provided for a child is equal to the cost of the least expensive health plan certified to participate under this section less an amount equal to one-half of the premium that would be paid for the child under section 256L.15, subdivision 2. The commissioner shall pay the subsidy to the Minnesota Health Insurance Exchange. The premium for a child enrolled under this section is equal to the difference between the cost of the health plan through which the coverage is provided and the amount of the subsidy. The premium must be paid to the Minnesota Health Insurance Exchange.

Subd. 5. **Enrollment; limitation on changing plans.** Notwithstanding section 256L.04, subdivision 1, individual children in a family may enroll under this section or under section 256L.03. A child enrolled under this section may change health plans or switch to coverage under section 256L.03 at the time of annual renewal. An enrollee may change health plans or switch to coverage under section 256L.03 at other times during the year if the family of the child experiences a qualifying life event, including, but not limited to, marriage, divorce, a change in dependent status, change in family size, or a change in eligibility for state health care programs under this chapter or chapter 256B or 256D.

Subd. 6. **Bonus accounts incentive.** The Minnesota Health Insurance Exchange shall administer bonus accounts for families with children enrolled under this section. Funds must be credited to a bonus account when a child covered under this section achieves specific goals for preventive services or healthy behaviors. Funds credited to an account can be used by a family to reimburse qualified medical expenses as defined in Internal Revenue Code, section 213(d). The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish a schedule of preventive service and healthy behavior goals that qualify for a credit and corresponding credit amounts. Families with children enrolled under this section can qualify for credits of up to $50 per year per child, up to a maximum of $150 per year per family. Funds held in the account are available to a family until:

1. there is no longer a child under age 21 in the family; or

2. no child in the family has been enrolled under chapter 256B or 256L, or in a health plan through the Minnesota Health Insurance Exchange for the past six months.
Subd. 7. **Federal approval.** The commissioner shall seek all federal waivers and approvals necessary to implement and receive federal financial participation for expenditures under this section.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 16. Minnesota Statutes 2006, section 256L.12, subdivision 7, is amended to read:

Subd. 7. **Managed care plan vendor requirements.** The following requirements apply to all counties or vendors who contract with the Department of Human Services to serve MinnesotaCare recipients. Managed care plan contractors:

1. shall authorize and arrange for the provision of the full range of services listed in section 256L.03 in order to ensure appropriate health care is delivered to enrollees;

2. shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;

3. may contract with other health care and social service practitioners to provide services to enrollees;

4. shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;

5. shall retain all revenue from enrollee co-payments;

6. shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

7. shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity, beyond that which is required to comply with chapters 62C and 62D; and

8. shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services; and

9. shall participate in the Minnesota Health Insurance Exchange under section 62A.67 for the purpose of enrolling individuals under this chapter.

**EFFECTIVE DATE.** This section is effective January 1, 2009.

Sec. 17. Minnesota Statutes 2006, section 256L.15, subdivision 1a, is amended to read:

Subd. 1a. **Payment options.** (a) The commissioner may offer the following payment options to an enrollee:

1. payment by check;

2. payment by credit card;

3. payment by recurring automatic checking withdrawal;
(4) payment by onetime electronic transfer of funds;

(5) payment by wage withholding with the consent of the employer and the employee; or

(6) payment by using state tax refund payments.

At application or reapplication, a MinnesotaCare applicant or enrollee may authorize the commissioner to use the Revenue Recapture Act in chapter 270A to collect funds from the applicant's or enrollee's refund for the purposes of meeting all or part of the applicant's or enrollee's MinnesotaCare premium obligation. The applicant or enrollee may authorize the commissioner to apply for the state working family tax credit on behalf of the applicant or enrollee. The setoff due under this subdivision shall not be subject to the $10 fee under section 270A.07, subdivision 1.

(b) Effective January 1, 2009, the Minnesota Health Insurance Exchange under section 62A.67 is responsible for collecting MinnesotaCare premiums.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 18. Minnesota Statutes 2006, section 256L.15, subdivision 2, is amended to read:

Subd. 2. Sliding fee scale; monthly gross individual or family income. (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly gross individual or family income. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. The sliding fee scale begins with a premium of 1.5 percent of monthly gross individual or family income for individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. Effective October 1, 2003, the commissioner shall increase each percentage by 0.5 percentage points for enrollees with income greater than 100 percent but not exceeding 200 percent of the federal poverty guidelines and shall increase each percentage by 1.0 percentage points for families and children with incomes greater than 200 percent of the federal poverty guidelines. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports increased income after enrollment, premiums shall not be adjusted until eligibility renewal.

(b) Beginning January 1, 2009, a new sliding fee scale premium schedule is established for children. The premium schedule for children must be used in conjunction with the premium schedule in paragraph (a) for adults to calculate a single MinnesotaCare premium for a family. The sliding fee scale begins with a premium of $11 per child for households with incomes equal to or greater than 150 percent of the federal poverty guidelines. Premiums must be adjusted at evenly spaced income steps at increments of five percent of the federal poverty guidelines to a maximum premium of $88 per child for households with incomes equal to 300 percent of the federal poverty guidelines. Premiums must be calculated for up to three children per family. Premiums for children must be adjusted annually at an amount that is proportional to the annual adjustment in premiums for adults. The sliding fee scale in this paragraph does not apply to children enrolled under section 256L.075.

(b) (c) Children in families whose gross income is above 275 percent of the federal poverty guidelines shall pay the maximum premium. The maximum premium is defined as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare cases paid the maximum premium, the total revenue would equal the total cost
of MinnesotaCare medical coverage and administration. In this calculation, administrative costs shall be assumed to
equal ten percent of the total. The costs of medical coverage for pregnant women and children under age two and
the enrollees in these groups shall be excluded from the total. The maximum premium for two enrollees shall be
twice the maximum premium for one, and the maximum premium for three or more enrollees shall be three times
the maximum premium for one.

(c) After calculating the percentage of premium each enrollee shall pay under paragraph (a), eight percent shall
be added to the premium.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective January 1, 2009, or upon federal approval, whichever
is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained.
Paragraph (c) is effective July 1, 2007.

Sec. 19. Minnesota Statutes 2006, section 256L.15, is amended by adding a subdivision to read:

Subd. 5. Premium discount incentive. Adults and families with children are eligible for a premium reduction
of $3 per month for each child who met goals for preventive care or an adult who met goals for cardiac or diabetes
care in the previous calendar year. The maximum premium reduction may not exceed $15 per month per family.
The commissioner, in consultation with the Minnesota Health Insurance Exchange, shall establish specific goals for
preventive care, including cardiac and diabetes care, that make an enrollee eligible for the premium reduction. The
premium discount incentive is administered by the Minnesota Health Insurance Exchange under section 62A.67.
Children enrolled under section 256L.075 are not eligible for the premium discount incentive.

EFFECTIVE DATE. This section is effective January 1, 2009."

Page 478, line 9, delete "$6,416,000" and insert "$31,416,000"

Page 478, line 10, delete "$5,643,000" and insert "$30,643,000"

Page 495, after line 11 insert:

"Dispensing fee increase. $50,000,000 from the general fund for
the biennium beginning July 1, 2007, is for the commissioner to
increase dispensing fees for multiple-source generic drugs under
article 3, section 31."

Adjust the fund totals accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Demmer amendment and the roll was called. There were 44 yeas and 86 nays as
follows:

Those who voted in the affirmative were:

Abeler  Beard  Buesgens  DeLaForest  Emmer  Garofalo
Anderson, B.  Berns  Cornish  Demmer  Erickson  Gottwalt
Anderson, S.  Brod  Dean  Dettmer  Finstad  Gunther
Dean moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 35, delete section 29 and insert:

"Sec. 29. Minnesota Statutes 2006, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

(a) Until October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5. Families receiving assistance under this section shall comply with all applicable requirements in this chapter.

(b) Beginning October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state’s maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.
(c) Beginning October 1, 2007, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a household that meets criteria in clauses (1) to (4) as expenditures under a separately funded state program:

(1) single eligible caregiver households when the adult is a refugee or asylee as defined in Code of Federal Regulations, title 45, chapter IV, section 400.43, and the refugee or asylee arrived in the United States in the 12 months prior to the date of application for MFIP. These households will remain in the separately funded state program for six months or until the caregiver has been in the United States for 12 months, whichever comes first;

(2) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 2;

(3) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 3; and

(4) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 4, clause (3).

(d) Beginning March 1, 2008, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a single eligible caregiver household that meets the criteria in section 256J.32, subdivision 6, clause (6), as expenditures under a separately funded state program. A household is no longer part of the separately funded program if the household no longer meets the criteria in section 256J.32, subdivision 6, clause (6), item (iv), or if it is determined at recertification that:

(1) a single eligible caregiver with a child under the age of six is working at least 87 hours per month in paid or unpaid employment; or

(2) a single eligible caregiver without a child under the age of six is working at least 130 hours per month in paid or unpaid employment.

(e) The expenditures in paragraphs (b) to (d) do not count toward the state's MOE requirements under the federal TANF program.

Page 36, delete section 30 and insert:

"Sec. 30. Minnesota Statutes 2006, section 256J.09, subdivision 3b, is amended to read:

Subd. 3b. Interview to determine referrals and services. If the applicant is not diverted from applying for MFIP, and if the applicant meets the MFIP eligibility requirements, then a county agency must:

(1) identify an applicant who is under the age of 20 without a high school diploma or its equivalent and explain to the applicant the assessment procedures and employment plan requirements under section 256J.54;

(2) explain to the applicant the eligibility criteria in section 256J.545 for the family violence waiver, and what an applicant should do to develop an employment plan;

(3) explain that the activities and hourly requirements of the employment plan may be adjusted to accommodate the personal and family circumstances of applicants who meet the criteria in section 256J.561, subdivision 2, paragraph (d), and explain how a person should report to the county agency any status changes, and explain that an applicant who is not required to participate in employment services under section 256J.561 may volunteer to participate in employment and training services;"
(4) for applicants who are not exempt from the requirement to attend orientation, arrange for an orientation under section 256J.45 and an assessment under section 256J.521;

(5) inform an applicant who is not exempt from the requirement to attend orientation that failure to attend the orientation is considered an occurrence of noncompliance with program requirements and will result in an imposition of a sanction under section 256J.46; and

(6) explain how to contact the county agency if an applicant has questions about compliance with program requirements;

(7) explain that before MFIP benefits can be issued to a family unit, the caregiver shall, in conjunction with a job counselor, develop and sign an employment plan. In two-parent family units, both parents shall develop and sign employment plans before benefits can be issued. Food support and health care benefits are not contingent on the requirement for a signed employment plan; and

(8) if child care is needed, the county agency shall obtain a completed application for child care from the applicant before the interview is terminated. The same day the application for child care is received, the application must be forwarded to the appropriate child care worker.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 31. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

Subd. 11. **Employment plan; MFIP benefits.** As soon as possible, but no later than ten working days after being notified that a participant is financially eligible for the MFIP program, the employment services provider shall provide the participant with an opportunity to meet to develop an initial employment plan. Once the initial employment plan has been developed and signed by the participant and the job counselor, the employment services provider shall notify the county within one working day that the employment plan has been signed. The county shall issue MFIP benefits within one working day after receiving notice that the employment plan has been signed.

**EFFECTIVE DATE.** This section is effective July 1, 2008.

Sec. 32. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

Subd. 12. **Immediate referral to employment services.** Within one working day of determination that the applicant is eligible for the MFIP program, but before benefits are issued to or on behalf of the family unit, the county shall refer all caregivers to employment services. The referral to employment services must be in writing and must contain the following information:

(1) notification that, as part of the application process, applicants are required to develop an employment plan or the MFIP application will be denied;

(2) the employment services provider name and phone number;

(3) the immediate availability of supportive services including, but not limited to, child care, transportation, and other work-related aid; and

(4) the rights, responsibilities, and obligations of participants in the program including, but not limited to, the grounds for good cause, the consequences of refusing or failing to participate fully with program requirements, and the appeal process.

**EFFECTIVE DATE.** This section is effective July 1, 2008."
Page 36, delete section 31

Page 40, delete section 32 and insert:

"Sec. 32. Minnesota Statutes 2006, section 256J.24, subdivision 10, is amended to read:

Subd. 10. **MFIP exit level.** The commissioner shall adjust the MFIP earned income disregard to ensure that most participants do not lose eligibility for MFIP until their income reaches at least 115 percent of the federal poverty guidelines in effect in October of each fiscal year. The adjustment to the disregard shall be based on a household size of three, and the resulting earned income disregard percentage must be applied to all household sizes. The adjustment under this subdivision must be implemented at the same time as the October food stamp or food support cost-of-living adjustment is reflected in the food portion of MFIP transitional standard as required under subdivision 5a. A participant who loses eligibility based on achieving an income of at least 115 percent of the federal poverty guidelines shall receive a one-time incentive payment of $1,000.

Sec. 33. Minnesota Statutes 2006, section 256J.32, subdivision 6, is amended to read:

Subd. 6. **Recertification.** The county agency shall recertify eligibility in an annual face-to-face interview with the participant and verify the following:

(1) presence of the minor child in the home, if questionable;

(2) income, unless excluded, including self-employment expenses used as a deduction or deposits or withdrawals from business accounts;

(3) assets when the value is within $200 of the asset limit;

(4) information to establish an exception under section 256J.24, subdivision 9, if questionable; and

(5) inconsistent information, if related to eligibility.

(6) beginning March 1, 2008, whether a single eligible caregiver household meets requirements in items (i) to (iv) for inclusion in a separately funded state program under section 256J.021, paragraph (d):

(i) the assistance unit has used 24 or more months of MFIP assistance at recertification under this section;

(ii) the caregiver is not employed;

(iii) the caregiver is not meeting participation requirements under section 256J.55, subdivision 1, paragraph (d), clauses (1) and (2); and

(iv) the caregiver meets at least one of the following criteria:

(A) a qualified professional has determined the caregiver is unable to obtain or retain employment due to an illness, injury, or incapacity that is expected to last at least 60 days;

(B) a qualified professional has certified that the caregiver is required in the home to provide care for a family member, a relative in the household, or a foster child with an illness, injury, or incapacity that is expected to continue more than 60 days;
(C) a qualified professional has determined that the caregiver is needed in the home to care for a child or adult meeting the special medical criteria in section 256J.561, subdivision 2, paragraph (d), clause (3);

(D) a qualified professional has determined that the caregiver is pregnant and unable to obtain or retain employment for at least 60 days due to the pregnancy;

(E) the caregiver has a documented disability and has applied for supplemental security income or Social Security disability insurance and a determination is pending; and

(F) the caregiver qualifies for a family violence waiver under section 256J.545.

Page 41, after line 4, insert:

"Sec. 34. Minnesota Statutes 2006, section 256J.42, subdivision 6, is amended to read:

Subd. 6. Case review. (a) Within 180 days, but not less than 60 days, before the end of the participant's 60th month on assistance, the county agency or job counselor must review the participant's case to determine if the employment plan is still appropriate or if the participant is exempt under section 256J.56 from the employment and training services component, and attempt to meet with the participant face-to-face. Beginning March 1, 2008, for single caregiver households included in the separately funded nonmaintenance of effort state program under section 256J.021, paragraph (c), clauses (2) to (4), the purpose of the case review is to confirm criteria under section 256J.32, subdivision 6, clause (6).

(b) During the face-to-face meeting, a county agency or the job counselor must:

(1) inform the participant how many months of counted assistance the participant has accrued and when the participant is expected to reach the 60th month;

(2) explain the hardship extension criteria under section 256J.425 and what the participant should do if the participant thinks a hardship extension applies;

(3) identify other resources that may be available to the participant to meet the needs of the family; and

(4) inform the participant of the right to appeal the case closure under section 256J.40.

(c) If a face-to-face meeting is not possible, the county agency must send the participant a notice of adverse action as provided in section 256J.31, subdivisions 4 and 5.

(d) Before a participant's case is closed under this section, the county must ensure that:

(1) the case has been reviewed by the job counselor's supervisor or the review team designated by the county to determine if the criteria for a hardship extension, if requested, were applied appropriately; and

(2) the county agency or the job counselor attempted to meet with the participant face-to-face."

Page 41, delete section 34
Page 42, delete section 35 and insert:

"Sec. 35. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 9. Simplified sanctions for extended cases. (a) Beginning July 1, 2008, if one or both participants in an assistance unit receiving assistance under this section are not in compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57, the following sanctions apply:

(1) for a first occurrence of noncompliance, an assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (d);

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

If a participant is determined to be out of compliance, the participant may claim a good cause exception under section 256J.57.

(b) If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.

(c) If a two-parent assistance unit is extended under subdivision 3 or 4, and a parent who has not reached the 60-month time limit is out of compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57 when the case is extended, the sanction in the 61st month is considered the first sanction for the purposes of applying the sanctions in this subdivision, except that the sanction amount is reduced by 30 percent.

(d) If one or both participants in an assistance unit receiving assistance under this section refuses to cooperate, as determined by the child support agency, with support requirements under section 256.741, the following sanctions apply:

(1) for a first occurrence of noncooperation, the assistance unit's grant is reduced by 30 percent of the applicable MFIP standard of need;

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

(e) A participant subject to a sanction for refusal to comply with child support requirements and subject to a concurrent employment services sanction is subject to sanctions under paragraphs (f) to (i).

(f) If the participant was sanctioned for:

(1) noncompliance under paragraph (a) before being subject to sanction for noncooperation under paragraph (d); or

(2) noncooperation under paragraph (d) before being subject to sanction for noncompliance under paragraph (a), the participant is considered to have second occurrence of noncompliance and shall be sanctioned under section 256J.46, subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under section 256J.46, subdivision 3.
(g) A participant who first becomes subject to sanction under both paragraphs (a) and (d) in the same month is subject to sanction as follows:

1) in the first month of noncompliance and noncooperation, the participant's grant is reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

2) in the second or third month of noncompliance and noncooperation, the participant is subject to the sanction under section 256J.46, subdivision 3, paragraph (e); and

3) on the fourth month of noncompliance and noncooperation, the participant is disqualified.

(h) A participant remains subject to sanction under paragraph (d) if the participant:

1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under section 256J.46, subdivision 3, paragraph (f).

(i) A participant remains subject to sanction under paragraph (a) if the participant cooperates and is no longer subject to sanction under paragraph (d).

Sec. 36. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 10. Status of disqualified participants under simplified sanctions.
(a) Beginning July 1, 2008, an assistance unit that is disqualified under subdivision 9, paragraph (a), may be approved for MFIP if the participant complies with MFIP requirements and demonstrates compliance for up to one month. No assistance shall be paid during this period.

(b) An assistance unit that is disqualified under subdivision 9 and that reapplies under paragraph (a) is subject to sanction under section 256J.46, subdivision 3, paragraph (e), for a first occurrence of noncompliance. A subsequent occurrence of noncompliance results in a permanent disqualification.

(c) If one participant in a two-parent assistance unit receiving assistance under a hardship extension under subdivision 3 or 4 is determined to be out of compliance with MFIP requirements, the county shall give the assistance unit the option of disqualifying the noncompliant participant from MFIP. In that case, the assistance unit is treated as a one-parent assistance unit for the purposes of meeting the work requirements under subdivision 4, and the assistance unit's MFIP grant is calculated using the shared household standard under section 256J.08, subdivision 82a. An applicant who is disqualified from receiving assistance under this paragraph may reapply under paragraph (a). If a participant is disqualified from MFIP under this subdivision a second time, the participant is permanently disqualified from MFIP.

(d) Prior to a disqualification under this subdivision, a county agency must review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. If a face-to-face meeting is not conducted, the county agency shall send the participant a notice of adverse action as provided in section 256J.31. During the face-to-face meeting, the county agency shall:

1) determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);

2) determine whether the participant qualifies for a good cause exception under section 256J.57;
(3) inform the participant of the family violence waiver criteria and make appropriate referrals if the waiver is requested;

(4) inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;

(5) identify other resources that may be available to the participant to meet the needs of the family; and

(6) inform the participant of the right to appeal under section 256J.40."

Page 43, delete section 36 and insert:

"Sec. 36. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 3. Simplified sanctions. (a) Beginning July 1, 2008, a participant who fails without good cause under section 256J.57 to comply with the requirements of this chapter, and who is not subject to a sanction under subdivision 4, is subject to a sanction under this subdivision. Prior to the imposition of a sanction, a county agency shall provide a notice of intent to sanction under section 256J.57, subdivision 2, and, when applicable, a notice of adverse action under section 256J.31.

(b) A sanction under this subdivision becomes effective the month following the month in which a required notice is given. A sanction is not imposed when a participant comes into compliance with the requirements for orientation under section 256J.45 prior to the effective date of the sanction. A sanction is not imposed when a participant comes into compliance with the requirements for employment and training services under sections 256J.515 to 256J.57 ten days prior to the effective date of the sanction. For purposes of this subdivision, each month that a participant fails to comply with a requirement of this chapter is considered a separate occurrence of noncompliance. If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.

(c) Sanctions for noncompliance are imposed as prescribed by paragraphs (d) and (e).

(d) For the first occurrence of noncompliance by a participant in an assistance unit, the assistance unit's grant is reduced by ten percent of the MFIP standard of need for an assistance unit of the same size with the residual grant paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant returns to compliance.

(e) For a second or third occurrence of noncompliance by a participant in an assistance unit, the assistance unit's shelter costs must be vendor paid up to the amount of the cash portion of the MFIP grant for which the assistance unit is eligible. At county option, the assistance unit's utilities may also be vendor paid up to the amount of the cash portion of the MFIP grant remaining after vendor payment of the assistance unit's shelter costs. The residual amount of the grant after vendor payment, if any, is reduced by an amount equal to 30 percent of the MFIP standard of need for an assistance unit of the same size before the residual grant is paid to the assistance unit. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant in a one-parent assistance unit returns to compliance. In a two-parent assistance unit, the grant reduction must be in effect for a minimum of one month and is removed in the month following the month both participants return to compliance. The vendor payment of shelter costs and utilities must be removed six months after the month in which the participant or participants return to compliance. If an assistance unit is sanctioned under this paragraph, the participant's case file must be reviewed to determine if the employment plan is still appropriate.
(f) For a fourth occurrence of noncompliance by a participant in an assistance unit, or when the participants in a two-parent assistance unit have a total of four occurrences of noncompliance, the county agency shall close the MFIP assistance unit's financial assistance case, including both the cash and food portions, and redetermine the family's continued eligibility for food support payments. The MFIP case must remain closed for a minimum of one full month. Before the case is closed, the county agency shall review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. The participant may bring an advocate to the face-to-face meeting. If a face-to-face meeting is not conducted, the county agency shall send the participant a written notice that includes the information required under paragraph (g).

(g) During the face-to-face meeting in paragraph (f), the county agency must:

1. determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);
2. determine whether the participant qualifies for a good cause exception under section 256J.57, or if the sanction is for noncooperation with child support requirements, determine if the participant qualifies for a good cause exemption under section 256.741, subdivision 10;
3. determine whether the work activities in the employment plan are appropriate based on the criteria in section 256J.521, subdivision 2 or 3;
4. determine whether the participant qualifies for the family violence waiver;
5. inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;
6. identify other resources that may be available to the participant to meet the needs of the family; and
7. inform the participant of the right to appeal under section 256J.40.

If the lack of an identified activity or service can explain the noncompliance, the county must work with the participant to provide the identified activity.

The grant must be restored to the full amount for which the assistance unit is eligible retroactively to the first day of the month in which the participant was found to lack preemployment activities, a family violence waiver, or for a good cause exemption under section 256.741, subdivision 10, or 256J.57.

(h) For the purpose of applying sanctions under this subdivision, only occurrences of noncompliance that occur after July 1, 2008, are considered. If the participant is in 30 percent sanction in the month this section takes effect, that month counts as the first occurrence for purposes of applying the sanctions under this section, but the sanction must remain at 30 percent for that month.

(i) An assistance unit whose case is closed under paragraph (f) or (i), may reapply for MFIP and is eligible if the participant complies with MFIP program requirements and demonstrates compliance for up to one month. No assistance is paid during this period.

(j) An assistance unit whose case has been closed for noncompliance that reappears under paragraph (i) is subject to sanction under paragraph (e) for a first occurrence of noncompliance. Any subsequent occurrence of noncompliance results in case closure under paragraph (f).
Sec. 37. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 4. Simplified sanctions for refusal to cooperate with support requirements. Beginning July 1, 2008, an MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, is subject to sanction under this subdivision and subdivision 1. For a first occurrence of noncooperation, the assistance unit’s grant must be reduced by 30 percent of the applicable MFIP standard of need. Subsequent occurrences of noncooperation must be subject to sanction under subdivision 3, paragraphs (e) and (f). The residual amount of the grant, if any, is paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction is not imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction is removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an MFIP caregiver fails to comply with the requirements of section 256.741 is considered a separate occurrence of noncompliance for the purpose of applying sanctions under subdivision 3, paragraphs (e) and (f).

Sec. 38. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 5. Simplified dual sanctions. (a) Beginning July 1, 2008, notwithstanding the provisions of subdivisions 3 and 4, for a participant subject to a sanction for refusal to comply with child support requirements under subdivision 4 and subject to a concurrent sanction for refusal to cooperate with other program requirements under subdivision 3, sanctions must be imposed in the manner prescribed in this subdivision. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 3.

(b) If the participant was subject to sanction for:

(1) noncompliance under subdivision 3 before being subject to sanction for noncooperation under subdivision 4; or

(2) noncooperation under subdivision 4 before being subject to sanction for noncompliance under subdivision 3,

the participant is considered to have a second occurrence of noncompliance and is sanctioned as provided in subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 3 and 4 in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant’s grant must be reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second and subsequent months of noncompliance and noncooperation, the participant is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(d) A participant remains subject to sanction under subdivision 4 if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or
(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under subdivision 3, paragraph (f).

(e) A participant remains subject to the applicable level of sanction under subdivision 3 if the participant cooperates and is no longer subject to sanction under subdivision 4.

Page 44, delete section 37 and insert:

"Sec. 37. Minnesota Statutes 2006, section 256J.49, subdivision 13, is amended to read:

Subd. 13. Work activity. "Work activity" means any activity in a participant’s approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

(1) unsubsidized employment, including work study and paid apprenticeships or internships;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, the self-employment investment demonstration program (SEID) as specified in section 256J.65, paid work experience, and supported work when a wage subsidy is provided;

(3) unpaid work experience, including community service, volunteer work, the community service work experience program as specified in section 256J.67, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided;

(4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;

(5) job readiness education, including English as a second language (ESL) or functional work literacy classes as limited by the provisions of section 256J.531, subdivision 2, general educational development (GED) course work, high school completion, and adult basic education as limited by the provisions of section 256J.531, subdivision 1;

(6) job skills training directly related to employment, including education and training that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

Sec. 38. Minnesota Statutes 2006, section 256J.50, subdivision 1, is amended to read:

Subdivision 1. Employment and training services component of MFIP. (a) Each county must develop and provide an employment and training services component which is designed to put participants on the most direct path to unsubsidized employment. Participation in these services is mandatory for all MFIP caregivers, unless the caregiver is exempt under section 256J.56.
(b) Effective July 1, 2008, a county must provide employment and training services under sections 256J.515 to 256J.74 within 30 ten days after the caregiver is determined eligible for MFIP, or within ten days when the caregiver participated in the diversionary work program under section 256J.95 within the past 12 months."

Page 45, delete section 38
Page 46, delete section 39
Page 48, delete section 40
Page 48, delete section 41 and insert:

"Sec. 41. Minnesota Statutes 2006, section 256J.531, is amended to read:

256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.

Subdivision 1. Approval of adult basic education. With the exception of classes related to obtaining a general educational development credential (GED), a participant must have reading or mathematics proficiency below a ninth grade level in order for adult basic education classes to be an approved work activity. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending adult basic education or general educational development classes.

Subd. 2. Approval of English as a second language. In order for English as a second language (ESL) classes to be an approved work activity in an employment plan, a participant must be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test. In approving ESL as a work activity, the job counselor must give preference to enrollment in a functional work literacy program, if one is available, over a regular ESL program. A participant may not be approved for more than a combined total of 24 months of ESL classes while participating in the diversionary work program and the employment and training services component of MFIP. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending ESL classes. For participants enrolled in functional work literacy classes, no more than two-thirds of the participation requirements in section 256J.55, subdivision 1, may be met through attending functional work literacy classes.

EFFECTIVE DATE. This section is effective October 1, 2007."

Page 49, delete section 42
Page 50, delete section 43 and insert:

"Sec. 43. Minnesota Statutes 2006, section 256J.626, subdivision 7, is amended to read:

Subd. 7. Performance base funds. (a) Beginning calendar year 2005, each county and tribe will be allocated 95 percent of their initial calendar year allocation. Counties and tribes will be allocated additional funds based on performance as follows:

(1) for calendar year 2005, a county or tribe that achieves a 30 percent rate or higher on the MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and
(2) for calendar year 2006, a county or tribe that achieves a 40 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(3) for calendar year 2007, a county or tribe that achieves a 50 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) (1) for calendar year 2008, a county or tribe that achieves a 50 percent MFIP work participation rate as specified in the Personal Responsibility and Work Responsibility Act, Public Law 104-193, applied to all MFIP cases except child-only cases, as averaged across the four quarterly measurements for the most recent year for which the measurements are available, must receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar years 2008 and yearly thereafter, a county or tribe that achieves a 50 percent MFIP TANF work participation rate under section 256J.751, subdivision 2, clause (8) (7), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(5) (3) for calendar years 2005 and thereafter, a county or tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to five percent of its initial allocation; or

(6) (4) for calendar years 2005 and thereafter, a county or tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(b) Performance-based funds for a federally approved tribal TANF program in which the state and tribe have in place a contract under section 256.01, addressing consolidated funding, will be allocated as follows:

(1) for calendar year 2006 and yearly thereafter, a tribe that achieves the participation rate approved in its federal TANF plan using the average of four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar years 2006 and thereafter, a tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to five percent of its initial allocation; or

(3) for calendar years 2006 and thereafter, a tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7) (6), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(c) Funds remaining unallocated after the performance-based allocations in paragraph (a) are available to the commissioner for innovation projects under subdivision 5.

(d) (1) If available funds are insufficient to meet county and tribal allocations under paragraph (a), the commissioner may make available for allocation funds that are unobligated and available from the innovation projects through the end of the current biennium.
(2) If after the application of clause (1) funds remain insufficient to meet county and tribal allocations under paragraph (a), the commissioner must proportionally reduce the allocation of each county and tribe with respect to their maximum allocation available under paragraph (a).

Sec. 44. Minnesota Statutes 2006, section 256J.626, is amended by adding a subdivision to read:

Subd. 10. **Specialized employment.** Beginning July 1, 2007, the commissioner shall make funds available annually to counties and tribes to develop paid and unpaid work experience positions for MFIP participants with no recent work history. The commissioner shall develop a process for approving requests and allocating funding in consultation with the counties and tribes.

Sec. 45. [256J.675] **COMMUNITY SERVICE WORK EXPERIENCE.**

Subdivision 1. **Employment options.** Community service work experience positions developed under this section are limited to projects that serve a useful public service such as health care, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, community service, services to aged or disabled citizens, and child care. To the extent possible, the prior training, skills, and experience of a participant must be considered in making appropriate work experience assignments.

Subd. 2. **Placing participants in community service work experience.** As a condition of placing a participant in a program under this section, the county agency shall ensure that:

(1) a participant is first given the opportunity for placement in suitable unsubsidized employment through participation in job search, or through participation in on-the-job training if such employment is available;

(2) after three months of participation in a community service work experience placement, and at the conclusion of each community service work experience assignment under this section, the participant’s employment plan is revised as appropriate;

(3) the maximum number of hours any participant works under this section does not exceed the amount of the MFIP grant, cash and food support, divided by the federal or applicable state minimum wage, whichever is higher; and

(4) a participant does not continue in a community work experience placement for more than nine months unless the maximum number of hours worked is no greater than the amount of the MFIP grant, cash and food support, divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site. This limit does not apply if it would prevent a participant from counting toward the federal work participation rate.

Sec. 46. [256J.678] **INJURY PROTECTION FOR COMMUNITY SERVICE WORK EXPERIENCE PARTICIPANTS.**

Subdivision 1. **Authority.** The Department of Administration, in consultation with the Department of Human Services, shall contract with an approved insurance carrier to provide coverage for injuries or death resulting from a person's participation in paid and unpaid community work experience programs authorized by the commissioner for persons applying for or receiving DWP, MFIP, or food stamps, and participating in the Minnesota parent's fair share program and the community service program under section 518.551, subdivision 5a, in a county with an approved community investment program for obligors.
Subd. 2. **Claims.** Claims that are subject to this section must be reported to the insurance carrier in a format approved by the carrier by the department of the state, county agency, or tribal program responsible for supervising the work.

Subd. 3. **Exclusive procedure.** The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, employees of the state, or the state's political subdivisions. The claimant is not entitled to seek damages from any other state, county, tribal, or reservation insurance policy or self-insurance program.

Subd. 4. **Requirements for worksites.** The department of the state, county agency, or tribal program responsible for supervising the work shall ensure that no participant is assigned to a worksite which is in violation of federal Occupational Safety and Health Administration and state Department of Labor and Industry safety standards or is under investigation to determine if those violations have occurred. All participants must be given the same safety information and training given to a paid employee performing similar work at that worksite.

Page 54, delete section 44

Page 55, delete section 45

Page 56, delete sections 46 and 47

Page 57, delete section 48

Page 58, delete section 49

Page 61, delete section 52

Page 62, after line 33, insert:

"Sec. 54. Minnesota Statutes 2006, section 256J.95, subdivision 15, is amended to read:

Subd. 15. **Limitations on certain work activities.** (a) Except as specified in paragraphs (b) to (d), employment activities listed in section 256J.49, subdivision 13, are allowable under the diversionary work program.

(b) Work activities under section 256J.49, subdivision 13, clause (5), shall be allowable only when in combination with approved work activities under section 256J.49, subdivision 13, clauses (1) to (4), and shall be limited to no more than one half of the hours required in the employment plan.

(c) In order for an English as a second language (ESL) class or Functional Work Literacy under section 256J.49, subdivision 13, clause (5), to be an approved work activity, a participant must:

(1) be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test; and

(2) not have been enrolled in ESL for more than 24 months while previously participating in MFIP or DWP. A participant who has been enrolled in ESL for 20 or more months may be approved for ESL until the participant has received 24 total months.

(d) Work activities under section 256J.49, subdivision 13, clause (6), shall be allowable only when the training or education program will be completed within the four-month DWP period. Training or education programs that will not be completed within the four-month DWP period shall not be approved."
Page 115, line 21, delete "sections" and insert "section" and delete everything after "256J.29" and insert "is repealed."

Page 115, delete line 22

Page 115, after line 24, insert:

"Sec. 99. REPEALER.

Minnesota Statutes 2006, sections 256J.67; and 256J.68, are repealed effective

(b) Minnesota Statutes 2006, sections 256J.425, subdivisions 6 and 7; and 256J.46, subdivisions 1, 2, and 2a, are repealed effective June 30, 2008.

(c) Minnesota Statutes 2006, section 256J.29, is repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Adjust fund totals accordingly

The motion did not prevail and the amendment was not adopted.

Brod moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 449, delete section 25

Page 520, line 20, after the period, insert "An additional $10,511,000 is transferred from the family home visiting grant program appropriation under subdivision 2 to fund this program."

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Brod amendment and the roll was called. There were 45 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Abeler
Anderson, B.
Anderson, S.
Beard
Berns
Brod
Buesgens
Cornish
Dean
DeLaForest
Demmer
Dettmer
Emmer
Erickson
Finstad
Garofalo
Gottwald
Gunther
Hackbarth
Hamilton
Heidgerken
Holberg
Hoppe
Howes
Those who voted in the affirmative were:

Anderson, B.    Brod     DeLaForest    Doty    Faust    Gottwalt
Anderson, S.    Buesgens    Demmer    Eken    Finstad    Gunther
Beard          Cornish    Dettmer    Emmer    Fritz    Hackbart
Berns          Dean    Dill    Erickson    Garofalo    Hamilton

The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

Dettmer and Severson moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 353, delete section 28

Page 512, after line 18, insert:

"Positive alternative grants. $1,877,000 is to the commissioner of health to be available for positive alternative grants. This appropriation is for the 2008-2009 biennium."

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Dettmer amendment and the roll was called. There were 58 yeas and 72 nays as follows:

Those who voted in the affirmative were:
Those who voted in the negative were:

Abeler  Anzelc  Atkins  Benson  Bigham  Bly  Brown  Brynaert  Bunn  Clark  Davnie  Dittrich

Andersson, B.  Andersson, S.  Beard  Berns  Buesgens  Burt  Cornish  Dean  Dettmer  Dill  Doty  Dill

Those who voted in the affirmative were:

Buesgens; Smith; Cornish; Dean; Brod; Hamilton; Urdahl; Heidgerken; Severson; Peppin; Ruth; Kohls; Gunther; Garofalo; Eastlund; Magnus; Nornes; Anderson, B.; Otremba; Emmer; Sviggum; Demmer and Hackbarth moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

The motion did not prevail and the amendment was not adopted.

Buesgens; Smith; Cornish; Dean; Brod; Hamilton; Urdahl; Heidgerken; Severson; Peppin; Ruth; Kohls; Gunther; Garofalo; Eastlund; Magnus; Nornes; Anderson, B.; Otremba; Emmer; Sviggum; Demmer and Hackbarth moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 315, after line 20, insert:

"Sec. 27. Minnesota Statutes 2006, section 145.412, is amended by adding a subdivision to read:

Subd. 2a. Genetic test. It shall be unlawful to willfully perform an abortion upon a woman known to be pregnant based on the results of genetic testing performed on the unborn child."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Buesgens et al amendment and the roll was called. There were 60 yees and 69 nays as follows:

Those who voted in the affirmative were:
The motion did not prevail and the amendment was not adopted.

Brod; Simpson; Dettmer; Smith; Hackbart; Hamilton; Heidgerken; Ruth; Dean; Shimanski; Tingelstad; Zellers; Sviggum; Magnus; Urda; Cornish; Severson; Kohls; Gunther; Emmer; Anderson, B.; Garofalo; Eastlund; Erickson; Otemba; Nornes; Buesgens; Lanning; Finstad; Demmer; Beard; Seifert and Peppin moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 315, after line 20, insert:

"Sec. 27. [145.4122] NON-HOSPITAL-PERFORMED ABORTIONS; REQUIREMENT; MISDEMEANOR.

Subdivision 1. Physician requirement. A physician who knowingly and intentionally performs or induces an abortion, who does not have clinical privileges at a hospital which offers obstetrical or gynecological care within the state and within 20 miles of the location where the abortion is performed or induced, is guilty of a misdemeanor and is subject to the criminal penalties provided by law. For purposes of this section, abortion has the meaning given in section 144.343, subdivision 3.

Subd. 2. Severability. If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section or the application of it to any person or circumstance is found to be unconstitutional, it is declared to be severable and the balance of this section shall remain effective notwithstanding such unconstitutionality. The legislature intends that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word irrespective of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word is declared unconstitutional.

Subd. 3. Supreme Court jurisdiction. The Minnesota Supreme Court has original jurisdiction over an action challenging the constitutionality of this section and shall expedite the resolution of the action."
A roll call was requested and properly seconded.

The question was taken on the Brod et al amendment and the roll was called. There were 60 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abeler  Demmer  Gottwalt  Juhnke  Nornes  Severson
Anderson, B.  Dettmer  Gunther  Koenen  Olin  Shimanski
Anderson, S.  Dill  Hackworth  Kohls  Olson  Simpson
Beard  Doty  Hamilton  Lanning  Otreba  Smith
Berns  Eken  Haws  Lenczewski  Paulsen  Siggum
Brod  Emmer  Heidgerken  Magnus  Pelowski  Tingelstad
Buesgens  Faust  Holberg  Marquart  Peppin  Urdahl
Cornish  Finstad  Hoppe  McFarlane  Peterson, N.  Ward
Dean  Fritz  Hosch  McNamara  Ruth  Westrom
DeLaForest  Garofalo  Howes  Murphy, M.  Seifert  Zellers

Those who voted in the negative were:

Anzelc  Erhardt  Kahn  Mariani  Poppe  Tillberry
Atkins  Gardner  Kalin  Masin  Rukavina  Tschumper
Benson  Greiling  Knuth  Moe  Ruud  Wagenius
Bigham  Hansen  Kranz  Morgan  Sailer  Walker
Bly  Hausman  Laine  Morrow  Scalze  Welte
Brown  Hilstrom  Lesch  Mullery  Sertich  Winkler
Brynaert  Hilty  Liebling  Murphy, E.  Simon  Wollschlager
Bunn  Hornstein  Lieder  Nelson  Slawik  Spk. Kelliher
Clark  Hortman  Lillie  Norton  Slocum  
Davnie  Huntley  Loeffler  Paymar  Swails  
Dittrich  Jaros  Madore  Peterson, A.  Thao  
Dominguez  Johnson  Mahoney  Peterson, S.  Thissen  

The motion did not prevail and the amendment was not adopted.

Hamilton, Magnus, Gunther and Shimanski moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 35, delete section 29 and insert:

"Sec. 29. Minnesota Statutes 2006, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

(a) Until October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state
program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5. Families receiving assistance under this section shall comply with all applicable requirements in this chapter.

(b) Beginning October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state’s maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.

(c) Beginning October 1, 2007, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a household that meets criteria in clauses (1) to (4) as expenditures under a separately funded state program:

1. single eligible caregiver households when the adult is a refugee or asylee as defined in Code of Federal Regulations, title 45, chapter IV, section 400.43, and the refugee or asylee arrived in the United States in the 12 months prior to the date of application for MFIP. These households will remain in the separately funded state program for six months or until the caregiver has been in the United States for 12 months, whichever comes first;

2. single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 2;

3. single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 3; and

4. single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 4, clause (3).

(d) Beginning March 1, 2008, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a single eligible caregiver household that meets the criteria in section 256J.32, subdivision 6, clause (6), as expenditures under a separately funded state program. A household is no longer part of the separately funded program if the household no longer meets the criteria in section 256J.32, subdivision 6, clause (6), item (iv), or if it is determined at recertification that:

1. a single eligible caregiver with a child under the age of six is working at least 87 hours per month in paid or unpaid employment; or

2. a single eligible caregiver without a child under the age of six is working at least 130 hours per month in paid or unpaid employment.

(e) The expenditures in paragraphs (b) to (d) do not count toward the state's MOE requirements under the federal TANF program.

Page 36, delete section 30 and insert:

"Sec. 30. Minnesota Statutes 2006, section 256J.09, subdivision 3b, is amended to read:

Subd. 3b. Interview to determine referrals and services. If the applicant is not diverted from applying for MFIP, and if the applicant meets the MFIP eligibility requirements, then a county agency must:
(1) identify an applicant who is under the age of 20 without a high school diploma or its equivalent and explain to the applicant the assessment procedures and employment plan requirements under section 256J.54;

(2) explain to the applicant the eligibility criteria in section 256J.545 for the family violence waiver, and what an applicant should do to develop an employment plan;

(3) explain that the activities and hourly requirements of the employment plan may be adjusted to accommodate the personal and family circumstances of applicants who meet the criteria in section 256J.561, subdivision 2, paragraph (d), and explain how a person should report to the county agency any status changes, and explain that an applicant who is not required to participate in employment services under section 256J.561 may volunteer to participate in employment and training services;

(4) for applicants who are not exempt from the requirement to attend orientation, arrange for an orientation under section 256J.45 and an assessment under section 256J.521;

(5) inform an applicant who is not exempt from the requirement to attend orientation that failure to attend the orientation is considered an occurrence of noncompliance with program requirements and will result in an imposition of a sanction under section 256J.46; and

(6) explain how to contact the county agency if an applicant has questions about compliance with program requirements;

(7) explain that before MFIP benefits can be issued to a family unit, the caregiver shall, in conjunction with a job counselor, develop and sign an employment plan. In two-parent family units, both parents shall develop and sign employment plans before benefits can be issued. Food support and health care benefits are not contingent on the requirement for a signed employment plan; and

(8) if child care is needed, the county agency shall obtain a completed application for child care from the applicant before the interview is terminated. The same day the application for child care is received, the application must be forwarded to the appropriate child care worker.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 31. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

Subd. 11. Employment plan; MFIP benefits. As soon as possible, but no later than ten working days after being notified that a participant is financially eligible for the MFIP program, the employment services provider shall provide the participant with an opportunity to meet to develop an initial employment plan. Once the initial employment plan has been developed and signed by the participant and the job counselor, the employment services provider shall notify the county within one working day that the employment plan has been signed. The county shall issue MFIP benefits within one working day after receiving notice that the employment plan has been signed.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 32. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

Subd. 12. Immediate referral to employment services. Within one working day of determination that the applicant is eligible for the MFIP program, but before benefits are issued to or on behalf of the family unit, the county shall refer all caregivers to employment services. The referral to employment services must be in writing and must contain the following information:
(1) notification that, as part of the application process, applicants are required to develop an employment plan or the MFIP application will be denied;

(2) the employment services provider name and phone number;

(3) the immediate availability of supportive services including, but not limited to, child care, transportation, and other work-related aid; and

(4) the rights, responsibilities, and obligations of participants in the program including, but not limited to, the grounds for good cause, the consequences of refusing or failing to participate fully with program requirements, and the appeal process.

EFFECTIVE DATE. This section is effective July 1, 2008.

Page 36, delete section 31

Page 40, delete section 32 and insert:

“Sec. 32. Minnesota Statutes 2006, section 256J.32, subdivision 6, is amended to read:

Subd. 6. Recertification. The county agency shall recertify eligibility in an annual face-to-face interview with the participant and verify the following:

(1) presence of the minor child in the home, if questionable;

(2) income, unless excluded, including self-employment expenses used as a deduction or deposits or withdrawals from business accounts;

(3) assets when the value is within $200 of the asset limit;

(4) information to establish an exception under section 256J.24, subdivision 9, if questionable; and

(5) inconsistent information, if related to eligibility;

(6) beginning March 1, 2008, whether a single eligible caregiver household meets requirements in items (i) to (iv) for inclusion in a separately funded state program under section 256J.021, paragraph (d):

(i) the assistance unit has used 24 or more months of MFIP assistance at recertification under this section;

(ii) the caregiver is not employed;

(iii) the caregiver is not meeting participation requirements under section 256J.55, subdivision 1, paragraph (d), clauses (1) and (2); and

(iv) the caregiver meets at least one of the following criteria:

(A) a qualified professional has determined the caregiver is unable to obtain or retain employment due to an illness, injury, or incapacity that is expected to last at least 60 days;
(B) a qualified professional has certified that the caregiver is required in the home to provide care for a family member, a relative in the household, or a foster child with an illness, injury, or incapacity that is expected to continue more than 60 days;

(C) a qualified professional has determined that the caregiver is needed in the home to care for a child or adult meeting the special medical criteria in section 256J.561, subdivision 2, paragraph (d), clause (3);

(D) a qualified professional has determined that the caregiver is pregnant and unable to obtain or retain employment for at least 60 days due to the pregnancy;

(E) the caregiver has a documented disability and has applied for supplemental security income or Social Security disability insurance and a determination is pending; and

(F) the caregiver qualifies for a family violence waiver under section 256J.545."

"Sec. 34. Minnesota Statutes 2006, section 256J.42, subdivision 6, is amended to read:

Subd. 6. Case review. (a) Within 180 days, but not less than 60 days, before the end of the participant's 60th month on assistance, the county agency or job counselor must review the participant's case to determine if the employment plan is still appropriate or if the participant is exempt under section 256J.56 from the employment and training services component, and attempt to meet with the participant face-to-face. Beginning March 1, 2008, for single caregiver households included in the separately funded nonmaintenance of effort state program under section 256J.021, paragraph (c), clauses (2) to (4), the purpose of the case review is to confirm criteria under section 256J.32, subdivision 6, clause (6).

(b) During the face-to-face meeting, a county agency or the job counselor must:

(1) inform the participant how many months of counted assistance the participant has accrued and when the participant is expected to reach the 60th month;

(2) explain the hardship extension criteria under section 256J.425 and what the participant should do if the participant thinks a hardship extension applies;

(3) identify other resources that may be available to the participant to meet the needs of the family; and

(4) inform the participant of the right to appeal the case closure under section 256J.40.

(c) If a face-to-face meeting is not possible, the county agency must send the participant a notice of adverse action as provided in section 256J.31, subdivisions 4 and 5.

(d) Before a participant's case is closed under this section, the county must ensure that:

(1) the case has been reviewed by the job counselor's supervisor or the review team designated by the county to determine if the criteria for a hardship extension, if requested, were applied appropriately; and

(2) the county agency or the job counselor attempted to meet with the participant face-to-face."

Page 41, delete section 34
Page 42, delete section 35 and insert:

"Sec. 35. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 9. Simplified sanctions for extended cases. (a) Beginning July 1, 2008, if one or both participants in an assistance unit receiving assistance under this section are not in compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57, the following sanctions apply:

(1) for a first occurrence of noncompliance, an assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (d);

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

If a participant is determined to be out of compliance, the participant may claim a good cause exception under section 256J.57.

(b) If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.

(c) If a two-parent assistance unit is extended under subdivision 3 or 4, and a parent who has not reached the 60-month time limit is out of compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57 when the case is extended, the sanction in the 61st month is considered the first sanction for the purposes of applying the sanctions in this subdivision, except that the sanction amount is reduced by 30 percent.

(d) If one or both participants in an assistance unit receiving assistance under this section refuses to cooperate, as determined by the child support agency, with support requirements under section 256.741, the following sanctions apply:

(1) for a first occurrence of noncooperation, the assistance unit's grant is reduced by 30 percent of the applicable MFIP standard of need;

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

(e) A participant subject to a sanction for refusal to comply with child support requirements and subject to a concurrent employment services sanction is subject to sanctions under paragraphs (f) to (i).

(f) If the participant was sanctioned for:

(1) noncompliance under paragraph (a) before being subject to sanction for noncooperation under paragraph (d); or

(2) noncooperation under paragraph (d) before being subject to sanction for noncompliance under paragraph (a), the participant is considered to have second occurrence of noncompliance and shall be sanctioned under section 256J.46, subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under section 256J.46, subdivision 3.
(g) A participant who first becomes subject to sanction under both paragraphs (a) and (d) in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant is reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second or third month of noncompliance and noncooperation, the participant is subject to the sanction under section 256J.46, subdivision 3, paragraph (e); and

(3) on the fourth month of noncompliance and noncooperation, the participant is disqualified.

(h) A participant remains subject to sanction under paragraph (d) if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under section 256J.46, subdivision 3, paragraph (f).

(i) A participant remains subject to sanction under paragraph (a) if the participant cooperates and is no longer subject to sanction under paragraph (d).

Sec. 36. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 10. Status of disqualified participants under simplified sanctions. (a) Beginning July 1, 2008, an assistance unit that is disqualified under subdivision 9, paragraph (a), may be approved for MFIP if the participant complies with MFIP requirements and demonstrates compliance for up to one month. No assistance shall be paid during this period.

(b) An assistance unit that is disqualified under subdivision 9 and that reapplies under paragraph (a) is subject to sanction under section 256J.46, subdivision 3, paragraph (e), for a first occurrence of noncompliance. A subsequent occurrence of noncompliance results in a permanent disqualification.

(c) If one participant in a two-parent assistance unit receiving assistance under a hardship extension under subdivision 3 or 4 is determined to be out of compliance with MFIP requirements, the county shall give the assistance unit the option of disqualifying the noncompliant participant from MFIP. In that case, the assistance unit is treated as a one-parent assistance unit for the purposes of meeting the work requirements under subdivision 4, and the assistance unit's MFIP grant is calculated using the shared household standard under section 256J.08, subdivision 82a. An applicant who is disqualified from receiving assistance under this paragraph may reapply under paragraph (a). If a participant is disqualified from MFIP under this subdivision a second time, the participant is permanently disqualified from MFIP.

(d) Prior to a disqualification under this subdivision, a county agency must review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. If a face-to-face meeting is not conducted, the county agency shall send the participant a notice of adverse action as provided in section 256J.31. During the face-to-face meeting, the county agency shall:

(1) determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);

(2) determine whether the participant qualifies for a good cause exception under section 256J.57;
(3) inform the participant of the family violence waiver criteria and make appropriate referrals if the waiver is
requested;

(4) inform the participant of the participant’s sanction status and explain the consequences of continuing
noncompliance;

(5) identify other resources that may be available to the participant to meet the needs of the family; and

(6) inform the participant of the right to appeal under section 256J.40."

Page 43, delete section 36 and insert:

"Sec. 36. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 3. Simplified sanctions. (a) Beginning July 1, 2008, a participant who fails without good cause under
section 256J.57 to comply with the requirements of this chapter, and who is not subject to a sanction under
subdivision 4, is subject to a sanction under this subdivision. Prior to the imposition of a sanction, a county agency
shall provide a notice of intent to sanction under section 256J.57, subdivision 2, and, when applicable, a notice of
adverse action under section 256J.31.

(b) A sanction under this subdivision becomes effective the month following the month in which a required
notice is given. A sanction is not imposed when a participant comes into compliance with the requirements for
orientation under section 256J.45 prior to the effective date of the sanction. A sanction is not imposed when a
participant comes into compliance with the requirements for employment and training services under sections
256J.515 to 256J.57 ten days prior to the effective date of the sanction. For purposes of this subdivision, each
month that a participant fails to comply with a requirement of this chapter is considered a separate occurrence of
noncompliance. If both participants in a two-parent assistance unit are out of compliance at the same time, it is
considered one occurrence of noncompliance.

(c) Sanctions for noncompliance are imposed as prescribed by paragraphs (d) and (e).

(d) For the first occurrence of noncompliance by a participant in an assistance unit, the assistance unit’s grant is
reduced by ten percent of the MFIP standard of need for an assistance unit of the same size with the residual grant
paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and is
removed in the month following the month that the participant returns to compliance.

(e) For a second or third occurrence of noncompliance by a participant in an assistance unit, the assistance unit’s
shelter costs must be vendor paid up to the amount of the cash portion of the MFIP grant for which the assistance
unit is eligible. At county option, the assistance unit’s utilities may also be vendor paid up to the amount of the cash
portion of the MFIP grant remaining after vendor payment of the assistance unit’s shelter costs. The residual amount
of the grant after vendor payment, if any, is reduced by an amount equal to 30 percent of the MFIP standard of need
for an assistance unit of the same size before the residual grant is paid to the assistance unit. The reduction in the
grant amount must be in effect for a minimum of one month and is removed in the month following the month that
the participant in a one-parent assistance unit returns to compliance. In a two-parent assistance unit, the grant
reduction must be in effect for a minimum of one month and is removed in the month following the month both
participants return to compliance. The vendor payment of shelter costs and utilities must be removed six months
after the month in which the participant or participants return to compliance. If an assistance unit is sanctioned
under this paragraph, the participant’s case file must be reviewed to determine if the employment plan is still
appropriate.
(f) For a fourth occurrence of noncompliance by a participant in an assistance unit, or when the participants in a two-parent assistance unit have a total of four occurrences of noncompliance, the county agency shall close the MFIP assistance unit's financial assistance case, including both the cash and food portions, and redetermine the family's continued eligibility for food support payments. The MFIP case must remain closed for a minimum of one full month. Before the case is closed, the county agency shall review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. The participant may bring an advocate to the face-to-face meeting. If a face-to-face meeting is not conducted, the county agency shall send the participant a written notice that includes the information required under paragraph (g).

(g) During the face-to-face meeting in paragraph (f), the county agency must:

1. determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);
2. determine whether the participant qualifies for a good cause exception under section 256J.57, or if the sanction is for noncooperation with child support requirements, determine if the participant qualifies for a good cause exemption under section 256.741, subdivision 10;
3. determine whether the work activities in the employment plan are appropriate based on the criteria in section 256J.521, subdivision 2 or 3;
4. determine whether the participant qualifies for the family violence waiver;
5. inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;
6. identify other resources that may be available to the participant to meet the needs of the family; and
7. inform the participant of the right to appeal under section 256J.40.

If the lack of an identified activity or service can explain the noncompliance, the county must work with the participant to provide the identified activity.

The grant must be restored to the full amount for which the assistance unit is eligible retroactively to the first day of the month in which the participant was found to lack preemployment activities, a family violence waiver, or for a good cause exemption under section 256.741, subdivision 10, or 256J.57.

(h) For the purpose of applying sanctions under this subdivision, only occurrences of noncompliance that occur after July 1, 2008, are considered. If the participant is in 30 percent sanction in the month this section takes effect, that month counts as the first occurrence for purposes of applying the sanctions under this section, but the sanction must remain at 30 percent for that month.

(i) An assistance unit whose case is closed under paragraph (f) or (i), may reapply for MFIP and is eligible if the participant complies with MFIP program requirements and demonstrates compliance for up to one month. No assistance is paid during this period.

(j) An assistance unit whose case has been closed for noncompliance that reapplies under paragraph (i) is subject to sanction under paragraph (e) for a first occurrence of noncompliance. Any subsequent occurrence of noncompliance results in case closure under paragraph (f).
Sec. 37. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

**Subd. 4. Simplified sanctions for refusal to cooperate with support requirements.** Beginning July 1, 2008, an MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, is subject to sanction under this subdivision and subdivision 1. For a first occurrence of noncooperation, the assistance unit's grant must be reduced by 30 percent of the applicable MFIP standard of need. Subsequent occurrences of noncooperation must be subject to sanction under subdivision 3, paragraphs (e) and (f). The residual amount of the grant, if any, is paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction is not imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction is removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an MFIP caregiver fails to comply with the requirements of section 256.741 is considered a separate occurrence of noncompliance for the purpose of applying sanctions under subdivision 3, paragraphs (e) and (f).

Sec. 38. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

**Subd. 5. Simplified dual sanctions.** (a) Beginning July 1, 2008, notwithstanding the provisions of subdivisions 3 and 4, for a participant subject to a sanction for refusal to comply with child support requirements under subdivision 4 and subject to a concurrent sanction for refusal to cooperate with other program requirements under subdivision 3, sanctions must be imposed in the manner prescribed in this subdivision. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 3.

(b) If the participant was subject to sanction for:

(1) noncompliance under subdivision 3 before being subject to sanction for noncooperation under subdivision 4; or

(2) noncooperation under subdivision 4 before being subject to sanction for noncompliance under subdivision 3,

the participant is considered to have a second occurrence of noncompliance and is sanctioned as provided in subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 3 and 4 in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant must be reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second and subsequent months of noncompliance and noncooperation, the participant is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(d) A participant remains subject to sanction under subdivision 4 if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or
(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under subdivision 3, paragraph (f).

(e) A participant remains subject to the applicable level of sanction under subdivision 3 if the participant cooperates and is no longer subject to sanction under subdivision 4.

Page 44, delete section 37 and insert:

"Sec. 37. Minnesota Statutes 2006, section 256J.49, subdivision 13, is amended to read:

Subd. 13. Work activity. "Work activity" means any activity in a participant's approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

(1) unsubsidized employment, including work study and paid apprenticeships or internships;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, the self-employment investment demonstration program (SEID) as specified in section 256J.65, paid work experience, and supported work when a wage subsidy is provided;

(3) unpaid work experience, including community service, volunteer work, the community service work experience program as specified in section 256J.67, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided;

(4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;

(5) job readiness education, including English as a second language (ESL) or functional work literacy classes as limited by the provisions of section 256J.531, subdivision 2, general educational development (GED) course work, high school completion, and adult basic education as limited by the provisions of section 256J.531, subdivision 1;

(6) job skills training directly related to employment, including education and training that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

Sec. 38. Minnesota Statutes 2006, section 256J.50, subdivision 1, is amended to read:

Subdivision 1. Employment and training services component of MFIP. (a) Each county must develop and provide an employment and training services component which is designed to put participants on the most direct path to unsubsidized employment. Participation in these services is mandatory for all MFIP caregivers, unless the caregiver is exempt under section 256J.56.
(b) Effective July 1, 2008, a county must provide employment and training services under sections 256J.515 to 256J.74 within 30 ten days after the caregiver is determined eligible for MFIP, or within ten days when the caregiver participated in the diversionary work program under section 256J.95 within the past 12 months.”

Page 45, delete section 38
Page 46, delete section 39
Page 48, delete section 40
Page 48, delete section 41 and insert:

"Sec. 41. Minnesota Statutes 2006, section 256J.531, is amended to read:

256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.

Subdivision 1. Approval of adult basic education. With the exception of classes related to obtaining a general educational development credential (GED), a participant must have reading or mathematics proficiency below a ninth grade level in order for adult basic education classes to be an approved work activity. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending adult basic education or general educational development classes.

Subd. 2. Approval of English as a second language. In order for English as a second language (ESL) classes to be an approved work activity in an employment plan, a participant must be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test. In approving ESL as a work activity, the job counselor must give preference to enrollment in a functional work literacy program, if one is available, over a regular ESL program. A participant may not be approved for more than a combined total of 24 months of ESL classes while participating in the diversionary work program and the employment and training services component of MFIP. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending ESL classes. For participants enrolled in functional work literacy classes, no more than two-thirds of the participation requirements in section 256J.55, subdivision 1, may be met through attending functional work literacy classes.

EFFECTIVE DATE. This section is effective October 1, 2007.”

Page 49, delete section 42
Page 50, delete section 43 and insert:

"Sec. 43. Minnesota Statutes 2006, section 256J.626, subdivision 7, is amended to read:

Subd. 7. Performance base funds. (a) Beginning calendar year 2005, each county and tribe will be allocated 95 percent of their initial calendar year allocation. Counties and tribes will be allocated additional funds based on performance as follows:

(1) for calendar year 2005, a county or tribe that achieves a 30 percent rate or higher on the MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and
(2) for calendar year 2006, a county or tribe that achieves a 40 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(3) for calendar year 2007, a county or tribe that achieves a 50 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) (1) for calendar year 2008, a county or tribe that achieves a 50 percent MFIP work participation rate as specified in the Personal Responsibility and Work Responsibility Act, Public Law 104-193, applied to all MFIP cases except child-only cases, as averaged across the four quarterly measurements for the most recent year for which the measurements are available, must receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar year 2008 and yearly thereafter, a county or tribe that achieves a 50 percent MFIP work participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(5) (3) for calendar years 2005 and thereafter, a county or tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to five percent of its initial allocation; or

(6) (4) for calendar years 2005 and thereafter, a county or tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(b) Performance-based funds for a federally approved tribal TANF program in which the state and tribe have in place a contract under section 256.01, addressing consolidated funding, will be allocated as follows:

(1) for calendar year 2006 and yearly thereafter, a tribe that achieves the participation rate approved in its federal TANF plan using the average of four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar years 2006 and thereafter, a tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to five percent of its initial allocation; or

(3) for calendar years 2006 and thereafter, a tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(c) Funds remaining unallocated after the performance-based allocations in paragraph (a) are available to the commissioner for innovation projects under subdivision 5.

(d)(1) If available funds are insufficient to meet county and tribal allocations under paragraph (a), the commissioner may make available for allocation funds that are unobligated and available from the innovation projects through the end of the current biennium.
(2) If after the application of clause (1) funds remain insufficient to meet county and tribal allocations under paragraph (a), the commissioner must proportionally reduce the allocation of each county and tribe with respect to their maximum allocation available under paragraph (a).

Sec. 44. Minnesota Statutes 2006, section 256J.626, is amended by adding a subdivision to read:

Subd. 10. Specialized employment. Beginning July 1, 2007, the commissioner shall make funds available annually to counties and tribes to develop paid and unpaid work experience positions for MFIP participants with no recent work history. The commissioner shall develop a process for approving requests and allocating funding in consultation with the counties and tribes.

Sec. 45. [256J.675] COMMUNITY SERVICE WORK EXPERIENCE.

Subdivision 1. Employment options. Community service work experience positions developed under this section are limited to projects that serve a useful public service such as health care, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, community service, services to aged or disabled citizens, and child care. To the extent possible, the prior training, skills, and experience of a participant must be considered in making appropriate work experience assignments.

Subd. 2. Placing participants in community service work experience. As a condition of placing a participant in a program under this section, the county agency shall ensure that:

(1) a participant is first given the opportunity for placement in suitable unsubsidized employment through participation in job search, or through participation in on-the-job training if such employment is available;

(2) after three months of participation in a community service work experience placement, and at the conclusion of each community service work experience assignment under this section, the participant’s employment plan is revised as appropriate;

(3) the maximum number of hours any participant works under this section does not exceed the amount of the MFIP grant, cash and food support, divided by the federal or applicable state minimum wage, whichever is higher; and

(4) a participant does not continue in a community work experience placement for more than nine months unless the maximum number of hours worked is no greater than the amount of the MFIP grant, cash and food support, divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site. This limit does not apply if it would prevent a participant from counting toward the federal work participation rate.

Sec. 46. [256J.678] INJURY PROTECTION FOR COMMUNITY SERVICE WORK EXPERIENCE PARTICIPANTS.

Subdivision 1. Authority. The Department of Administration, in consultation with the Department of Human Services, shall contract with an approved insurance carrier to provide coverage for injuries or death resulting from a person’s participation in paid and unpaid community work experience programs authorized by the commissioner for persons applying for or receiving DWP, MFIP, or food stamps, and participating in the Minnesota parent’s fair share program and the community service program under section 518.551, subdivision 5a, in a county with an approved community investment program for obligors.
Subd. 2. **Claims.** Claims that are subject to this section must be reported to the insurance carrier in a format approved by the carrier by the department of the state, county agency, or tribal program responsible for supervising the work.

Subd. 3. **Exclusive procedure.** The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, employees of the state, or the state's political subdivisions. The claimant is not entitled to seek damages from any other state, county, tribal, or reservation insurance policy or self-insurance program.

Subd. 4. **Requirements for worksites.** The department of the state, county agency, or tribal program responsible for supervising the work shall ensure that no participant is assigned to a worksite which is in violation of federal Occupational Safety and Health Administration and state Department of Labor and Industry safety standards or is under investigation to determine if those violations have occurred. All participants must be given the same safety information and training given to a paid employee performing similar work at that worksite.

Page 54, delete section 44

Page 55, delete section 45

Page 56, delete sections 46 and 47

Page 57, delete section 48

Page 58, delete section 49

Page 61, delete section 52

Page 62, after line 33, insert:

"Sec. 54. Minnesota Statutes 2006, section 256J.95, subdivision 15, is amended to read:

Subd. 15. **Limitations on certain work activities.** (a) Except as specified in paragraphs (b) to (d), employment activities listed in section 256J.49, subdivision 13, are allowable under the diversionary work program.

(b) Work activities under section 256J.49, subdivision 13, clause (5), shall be allowable only when in combination with approved work activities under section 256J.49, subdivision 13, clauses (1) to (4), and shall be limited to no more than one-half of the hours required in the employment plan.

(c) In order for an English as a second language (ESL) class or Functional Work Literacy under section 256J.49, subdivision 13, clause (5), to be an approved work activity, a participant must:

(1) be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test; and

(2) not have been enrolled in ESL for more than 24 months while previously participating in MFIP or DWP. A participant who has been enrolled in ESL for 20 or more months may be approved for ESL until the participant has received 24 total months.

(d) Work activities under section 256J.49, subdivision 13, clause (6), shall be allowable only when the training or education program will be completed within the four-month DWP period. Training or education programs that will not be completed within the four-month DWP period shall not be approved."
Page 115, line 21, delete "sections" and insert "section" and delete everything after "256J.29" and insert "is repealed."

Page 115, delete line 22

Page 115, after line 24, insert:

"Sec. 99. REPEALER.

Minnesota Statutes 2006, sections 256J.67; and 256J.68, are repealed effective

(b) Minnesota Statutes 2006, sections 256J.425, subdivisions 6 and 7; and 256J.46, subdivisions 1, 2, and 2a, are repealed effective June 30, 2008.

(c) Minnesota Statutes 2006, section 256J.29, is repealed."

Page 234, after line 15, insert:

"Sec. 64. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 21. Adjustment for low-payment rate facilities. (a) For the rate year beginning October 1, 2007, the commissioner shall adjust operating payment rates for low-payment rate nursing facilities reimbursed under this section and licensed under chapter 144A, in accordance with this subdivision.

(b) The commissioner shall determine a value for an operating payment rate with a RUGS index of 1.00, such that the cost to increase the operating payment rate for all nursing facilities with operating payment rates less than that value by an amount equal to 50 percent of the difference between their operating payment rate with a RUGS index equal to 1.00 and the value determined under this paragraph not to exceed an increase of six percent of a facility's operating payment rate with a RUGS index equal to 1.00, does not exceed the amount appropriated for this purpose.

(c) Effective September 30, 2007, the commissioner shall identify all nursing facilities with operating payment rates with a RUGS index equal to 1.00, that are less than the value determined in paragraph (b).

(d) Effective September 30, 2007, the commissioner shall provide each nursing facility identified in paragraph (c) with an increase in their operating payment rate with a RUGS index of 1.00 that is equal to 50 percent of the difference between their operating payment rate with a RUGS index equal to 1.00, and the value determined in paragraph (b), but not to exceed an increase of six percent of the operating payment rate with a RUGS index equal to 1.00.

(e) The commissioner shall apportion the amount of the RUGS index equal to 1.00 computed in paragraph (d) between case mix and noncase mix per diems in proportion to the amounts in effect on September 30, 2007. The commissioner shall multiply the case mix portion by the RUGS indices and add the noncase mix portion to that product to determine the other RUGS operating rates.

(f) The rate adjustment provided in paragraph (d) shall be added after the rate adjustments provided under sections 256B.431, subdivision 41, and 256B.441, subdivision 46."

Page 477, line 22, delete "$4,269,000" and insert "$13,269,000"

Page 477, line 23, delete "$4,889,000" and insert "$13,889,000"
"TANF Transfer to Federal Child Care and Development Fund. The following TANF fund amount is appropriated to the commissioner for the purposes of MFIP transition year child care under MFIP, Minnesota Statutes, section 119B.05:

(1) fiscal year 2008, $5,643,000;
(2) fiscal year 2009, $14,372,000;
(3) fiscal year 2010, $17,616,000; and
(4) fiscal year 2011, $17,320,000.

The commissioner shall authorize transfer of sufficient TANF funds to the federal Child Care and Development Fund to meet this appropriation and shall ensure that all transferred funds are expended according the federal Child Care and Development Fund regulations."

A roll call was requested and properly seconded.

The question was taken on the Hamilton et al amendment and the roll was called. There were 49 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abeler  DeLaForest  Gottwalt  Lanning  Peppin  Tingelstad
Anderson, B.  Demmer  Gunther  Lieder  Peterson, A.  Urdahl
Anderson, S.  Dettmer  Hackbarth  Magnus  Ruth  Westrom
Beard  Dill  Hamilton  McFarlane  Seifert  Zellers
Berns  Eken  Heidgerken  McNamara  Severson  Shimanski
Brod  Emmer  Holberg  Nornes  Simpson  Smith
Buesgens  Erickson  Hoppe  Olson  Smith  Smigun
Cornish  Finstad  Howes  Otremba  Smith  Sviggum
Dean  Garofalo  Kohls  Paulsen  Sviggum  Tinglestad

Those who voted in the negative were:

Anzelc  Bly  Clark  Doty  Gardner  Haws
Atkins  Brown  Davnie  Erhardt  Greiling  Hilstrom
Benson  Brynaert  Dittrich  Faust  Hansen  Hilts
Bigham  Bunn  Dominguez  Fritz  Hausman  Hornstein
The motion did not prevail and the amendment was not adopted.

Erickson; Smith; Dettmer; Severson; Urdahl; Hamilton; Magnus; Cornish; Simpson; Buesgens; Dean; Heidgerken; Kohls; Finstad; Ruth; Shimanski; Gunther; Zellers; Brod; Peppin; Tingelstad; Emmer; Anderson, B.; Sviggum; Beard; Demmer; Garofalo; Eastlund; Normes; Otremba; Hackbarth; McFarlane and Seifert moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 315, after line 20, insert:

"Sec. 27. Minnesota Statutes 2006, section 145.412, is amended by adding a subdivision to read:

Subd. 2a. **Sex selection.** It shall be unlawful to willfully perform an abortion, based on the sex of the unborn child, upon a woman known to be pregnant."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Erickson et al amendment and the roll was called. There were 70 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Those who voted in the negative were:

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The motion prevailed and the amendment was adopted.

Peppin, Dean, Brod and Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 35, delete section 29 and insert:

"Sec. 29. Minnesota Statutes 2006, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

(a) Until October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5. Families receiving assistance under this section shall comply with all applicable requirements in this chapter.

(b) Beginning October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state’s maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.

(c) Beginning October 1, 2007, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a household that meets criteria in clauses (1) to (4) as expenditures under a separately funded state program:

(1) single eligible caregiver households when the adult is a refugee or asylee as defined in Code of Federal Regulations, title 45, chapter IV, section 400.43, and the refugee or asylee arrived in the United States in the 12 months prior to the date of application for MFIP. These households will remain in the separately funded state program for six months or until the caregiver has been in the United States for 12 months, whichever comes first;

(2) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 2;
(3) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 3; and

(4) single eligible caregiver cases with an approved hardship extension under section 256J.425, subdivision 4, clause (3).

(d) Beginning March 1, 2008, the commissioner of human services shall treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is part of a single eligible caregiver household that meets the criteria in section 256J.32, subdivision 6, clause (6), as expenditures under a separately funded state program. A household is no longer part of the separately funded program if the household no longer meets the criteria in section 256J.32, subdivision 6, clause (6), item (iv), or if it is determined at recertification that:

(1) a single eligible caregiver with a child under the age of six is working at least 87 hours per month in paid or unpaid employment; or

(2) a single eligible caregiver without a child under the age of six is working at least 130 hours per month in paid or unpaid employment.

(e) The expenditures in paragraphs (b) to (d) do not count toward the state's MOE requirements under the federal TANF program.

Page 36, delete section 30 and insert:

"Sec. 30. Minnesota Statutes 2006, section 256J.09, subdivision 3b, is amended to read:

Subd. 3b. Interview to determine referrals and services. If the applicant is not diverted from applying for MFIP, and if the applicant meets the MFIP eligibility requirements, then a county agency must:

(1) identify an applicant who is under the age of 20 without a high school diploma or its equivalent and explain to the applicant the assessment procedures and employment plan requirements under section 256J.54;

(2) explain to the applicant the eligibility criteria in section 256J.545 for the family violence waiver, and what an applicant should do to develop an employment plan;

(3) explain that the activities and hourly requirements of the employment plan may be adjusted to accommodate the personal and family circumstances of applicants who meet the criteria in section 256J.561, subdivision 2, paragraph (d), and explain how a person should report to the county agency any status changes, and explain that an applicant who is not required to participate in employment services under section 256J.561 may volunteer to participate in employment and training services;

(4) for applicants who are not exempt from the requirement to attend orientation, arrange for an orientation under section 256J.45 and an assessment under section 256J.521;

(5) inform an applicant who is not exempt from the requirement to attend orientation that failure to attend the orientation is considered an occurrence of noncompliance with program requirements and will result in an imposition of a sanction under section 256J.46; and

(6) explain how to contact the county agency if an applicant has questions about compliance with program requirements;"
(7) explain that before MFIP benefits can be issued to a family unit, the caregiver shall, in conjunction with a job counselor, develop and sign an employment plan. In two-parent family units, both parents shall develop and sign employment plans before benefits can be issued. Food support and health care benefits are not contingent on the requirement for a signed employment plan; and

(8) if child care is needed, the county agency shall obtain a completed application for child care from the applicant before the interview is terminated. The same day the application for child care is received, the application must be forwarded to the appropriate child care worker.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 31. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

Subd. 11. Employment plan; MFIP benefits. As soon as possible, but no later than ten working days after being notified that a participant is financially eligible for the MFIP program, the employment services provider shall provide the participant with an opportunity to meet to develop an initial employment plan. Once the initial employment plan has been developed and signed by the participant and the job counselor, the employment services provider shall notify the county within one working day that the employment plan has been signed. The county shall issue MFIP benefits within one working day after receiving notice that the employment plan has been signed.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 32. Minnesota Statutes 2006, section 256J.09, is amended by adding a subdivision to read:

Subd. 12. Immediate referral to employment services. Within one working day of determination that the applicant is eligible for the MFIP program, but before benefits are issued to or on behalf of the family unit, the county shall refer all caregivers to employment services. The referral to employment services must be in writing and must contain the following information:

(1) notification that, as part of the application process, applicants are required to develop an employment plan or the MFIP application will be denied;

(2) the employment services provider name and phone number;

(3) the immediate availability of supportive services including, but not limited to, child care, transportation, and other work-related aid; and

(4) the rights, responsibilities, and obligations of participants in the program including, but not limited to, the grounds for good cause, the consequences of refusing or failing to participate fully with program requirements, and the appeal process.

EFFECTIVE DATE. This section is effective July 1, 2008.

Page 36, delete section 31

Page 40, delete section 32 and insert:

"Sec. 32. Minnesota Statutes 2006, section 256J.32, subdivision 6, is amended to read:

Subd. 6. Recertification. The county agency shall recertify eligibility in an annual face-to-face interview with the participant and verify the following:
(1) presence of the minor child in the home, if questionable;

(2) income, unless excluded, including self-employment expenses used as a deduction or deposits or withdrawals from business accounts;

(3) assets when the value is within $200 of the asset limit;

(4) information to establish an exception under section 256J.24, subdivision 9, if questionable; and

(5) inconsistent information, if related to eligibility;

(6) beginning March 1, 2008, whether a single eligible caregiver household meets requirements in items (i) to (iv) for inclusion in a separately funded state program under section 256J.021, paragraph (d):

(i) the assistance unit has used 24 or more months of MFIP assistance at recertification under this section;

(ii) the caregiver is not employed;

(iii) the caregiver is not meeting participation requirements under section 256J.55, subdivision 1, paragraph (d), clauses (1) and (2); and

(iv) the caregiver meets at least one of the following criteria:

(A) a qualified professional has determined the caregiver is unable to obtain or retain employment due to an illness, injury, or incapacity that is expected to last at least 60 days;

(B) a qualified professional has certified that the caregiver is required in the home to provide care for a family member, a relative in the household, or a foster child with an illness, injury, or incapacity that is expected to continue more than 60 days;

(C) a qualified professional has determined that the caregiver is needed in the home to care for a child or adult meeting the special medical criteria in section 256J.561, subdivision 2, paragraph (d), clause (3);

(D) a qualified professional has determined that the caregiver is pregnant and unable to obtain or retain employment for at least 60 days due to the pregnancy;

(E) the caregiver has a documented disability and has applied for supplemental security income or Social Security disability insurance and a determination is pending; and

(F) the caregiver qualifies for a family violence waiver under section 256J.545.

Page 41, after line 4, insert:

"Sec. 34. Minnesota Statutes 2006, section 256J.42, subdivision 6, is amended to read:

Subd. 6. Case review. (a) Within 180 days, but not less than 60 days, before the end of the participant's 60th month on assistance, the county agency or job counselor must review the participant's case to determine if the employment plan is still appropriate or if the participant is exempt under section 256J.56 from the employment and training services component, and attempt to meet with the participant face-to-face. Beginning March 1, 2008, for single caregiver households included in the separately funded nonmaintenance of effort state program under section 256J.021, paragraph (c), clauses (2) to (4), the purpose of the case review is to confirm criteria under section 256J.32, subdivision 6, clause (6)."
(b) During the face-to-face meeting, a county agency or the job counselor must:

(1) inform the participant how many months of counted assistance the participant has accrued and when the participant is expected to reach the 60th month;

(2) explain the hardship extension criteria under section 256J.425 and what the participant should do if the participant thinks a hardship extension applies;

(3) identify other resources that may be available to the participant to meet the needs of the family; and

(4) inform the participant of the right to appeal the case closure under section 256J.40.

(c) If a face-to-face meeting is not possible, the county agency must send the participant a notice of adverse action as provided in section 256J.31, subdivisions 4 and 5.

(d) Before a participant's case is closed under this section, the county must ensure that:

(1) the case has been reviewed by the job counselor's supervisor or the review team designated by the county to determine if the criteria for a hardship extension, if requested, were applied appropriately; and

(2) the county agency or the job counselor attempted to meet with the participant face-to-face."

Page 41, delete section 34

Page 42, delete section 35 and insert:

"Sec. 35. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 9. Simplified sanctions for extended cases. (a) Beginning July 1, 2008, if one or both participants in an assistance unit receiving assistance under this section are not in compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57, the following sanctions apply:

(1) for a first occurrence of noncompliance, an assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (d);

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46, subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

If a participant is determined to be out of compliance, the participant may claim a good cause exception under section 256J.57.

(b) If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.

(c) If a two-parent assistance unit is extended under subdivision 3 or 4, and a parent who has not reached the 60-month time limit is out of compliance with the requirements in sections 256J.45 or 256J.515 to 256J.57 when the case is extended, the sanction in the 61st month is considered the first sanction for the purposes of applying the sanctions in this subdivision, except that the sanction amount is reduced by 30 percent."
(d) If one or both participants in an assistance unit receiving assistance under this section refuses to cooperate, as
determined by the child support agency, with support requirements under section 256.741, the following sanctions
apply:

(1) for a first occurrence of noncooperation, the assistance unit's grant is reduced by 30 percent of the applicable
MFIP standard of need;

(2) for a second or third occurrence of noncompliance, the assistance unit is sanctioned under section 256J.46,
subdivision 3, paragraph (e); and

(3) for a fourth occurrence of noncompliance, the assistance unit is disqualified from MFIP.

(e) A participant subject to a sanction for refusal to comply with child support requirements and subject to a
concurrent employment services sanction is subject to sanctions under paragraphs (f) to (i).

(f) If the participant was sanctioned for:

(1) noncompliance under paragraph (a) before being subject to sanction for noncooperation under paragraph (d); or

(2) noncooperation under paragraph (d) before being subject to sanction for noncompliance under paragraph (a),
the participant is considered to have second occurrence of noncompliance and shall be sanctioned under section
256J.46, subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional
occurrence and is subject to the applicable level of sanction under section 256J.46, subdivision 3.

(g) A participant who first becomes subject to sanction under both paragraphs (a) and (d) in the same month is
subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant is reduced by 30 percent of
the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second or third month of noncompliance and noncooperation, the participant is subject to the sanction
under section 256J.46, subdivision 3, paragraph (e); and

(3) on the fourth month of noncompliance and noncooperation, the participant is disqualified.

(h) A participant remains subject to sanction under paragraph (d) if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections
256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon
completion of the review under section 256J.46, subdivision 3, paragraph (f).

(i) A participant remains subject to sanction under paragraph (a) if the participant cooperates and is no longer
subject to sanction under paragraph (d).

Sec. 36. Minnesota Statutes 2006, section 256J.425, is amended by adding a subdivision to read:

Subd. 10. Status of disqualified participants under simplified sanctions. (a) Beginning July 1, 2008, an
assistance unit that is disqualified under subdivision 9, paragraph (a), may be approved for MFIP if the participant
complies with MFIP requirements and demonstrates compliance for up to one month. No assistance shall be paid
during this period.
(b) An assistance unit that is disqualified under subdivision 9 and that reapplies under paragraph (a) is subject to sanction under section 256J.46, subdivision 3, paragraph (e), for a first occurrence of noncompliance. A subsequent occurrence of noncompliance results in a permanent disqualification.

(c) If one participant in a two-parent assistance unit receiving assistance under a hardship extension under subdivision 3 or 4 is determined to be out of compliance with MFIP requirements, the county shall give the assistance unit the option of disqualifying the noncompliant participant from MFIP. In that case, the assistance unit is treated as a one-parent assistance unit for the purposes of meeting the work requirements under subdivision 4, and the assistance unit's MFIP grant is calculated using the shared household standard under section 256J.08, subdivision 82a. An applicant who is disqualified from receiving assistance under this paragraph may reapply under paragraph (a). If a participant is disqualified from MFIP under this subdivision a second time, the participant is permanently disqualified from MFIP.

(d) Prior to a disqualification under this subdivision, a county agency must review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. If a face-to-face meeting is not conducted, the county agency shall send the participant a notice of adverse action as provided in section 256J.31. During the face-to-face meeting, the county agency shall:

1. determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);
2. determine whether the participant qualifies for a good cause exception under section 256J.57;
3. inform the participant of the family violence waiver criteria and make appropriate referrals if the waiver is requested;
4. inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;
5. identify other resources that may be available to the participant to meet the needs of the family; and
6. inform the participant of the right to appeal under section 256J.40."

Page 43, delete section 36 and insert:

"Sec. 36. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 3. **Simplified sanctions.** (a) Beginning July 1, 2008, a participant who fails without good cause under section 256J.57 to comply with the requirements of this chapter, and who is not subject to a sanction under subdivision 4, is subject to a sanction under this subdivision. Prior to the imposition of a sanction, a county agency shall provide a notice of intent to sanction under section 256J.57, subdivision 2, and, when applicable, a notice of adverse action under section 256J.31.

(b) A sanction under this subdivision becomes effective the month following the month in which a required notice is given. A sanction is not imposed when a participant comes into compliance with the requirements for orientation under section 256J.45 prior to the effective date of the sanction. A sanction is not imposed when a participant comes into compliance with the requirements for employment and training services under sections 256J.515 to 256J.57 ten days prior to the effective date of the sanction. For purposes of this subdivision, each month that a participant fails to comply with a requirement of this chapter is considered a separate occurrence of noncompliance. If both participants in a two-parent assistance unit are out of compliance at the same time, it is considered one occurrence of noncompliance.
(c) Sanctions for noncompliance are imposed as prescribed by paragraphs (d) and (e).

(d) For the first occurrence of noncompliance by a participant in an assistance unit, the assistance unit's grant is reduced by ten percent of the MFIP standard of need for an assistance unit of the same size with the residual grant paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant returns to compliance.

(e) For a second or third occurrence of noncompliance by a participant in an assistance unit, the assistance unit's shelter costs must be vendor paid up to the amount of the cash portion of the MFIP grant for which the assistance unit is eligible. At county option, the assistance unit's utilities may also be vendor paid up to the amount of the cash portion of the MFIP grant remaining after vendor payment of the assistance unit's shelter costs. The residual amount of the grant after vendor payment, if any, is reduced by an amount equal to 30 percent of the MFIP standard of need for an assistance unit of the same size before the residual grant is paid to the assistance unit. The reduction in the grant amount must be in effect for a minimum of one month and is removed in the month following the month that the participant in a one-parent assistance unit returns to compliance. In a two-parent assistance unit, the grant reduction must be in effect for a minimum of one month and is removed in the month following the month both participants return to compliance. The vendor payment of shelter costs and utilities must be removed six months after the month in which the participant or participants return to compliance. If an assistance unit is sanctioned under this paragraph, the participant's case file must be reviewed to determine if the employment plan is still appropriate.

(f) For a fourth occurrence of noncompliance by a participant in an assistance unit, or when the participants in a two-parent assistance unit have a total of four occurrences of noncompliance, the county agency shall close the MFIP assistance unit's financial assistance case, including both the cash and food portions, and redetermine the family's continued eligibility for food support payments. The MFIP case must remain closed for a minimum of one full month. Before the case is closed, the county agency shall review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. The participant may bring an advocate to the face-to-face meeting. If a face-to-face meeting is not conducted, the county agency shall send the participant a written notice that includes the information required under paragraph (g).

(g) During the face-to-face meeting in paragraph (f), the county agency must:

1. determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);

2. determine whether the participant qualifies for a good cause exception under section 256J.57, or if the sanction is for noncooperation with child support requirements, determine if the participant qualifies for a good cause exemption under section 256.741, subdivision 10;

3. determine whether the work activities in the employment plan are appropriate based on the criteria in section 256J.521, subdivision 2 or 3;

4. determine whether the participant qualifies for the family violence waiver;

5. inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;

6. identify other resources that may be available to the participant to meet the needs of the family; and

7. inform the participant of the right to appeal under section 256J.40.
If the lack of an identified activity or service can explain the noncompliance, the county must work with the participant to provide the identified activity.

The grant must be restored to the full amount for which the assistance unit is eligible retroactively to the first day of the month in which the participant was found to lack preemployment activities, a family violence waiver, or for a good cause exemption under section 256.741, subdivision 10, or 256J.57.

(h) For the purpose of applying sanctions under this subdivision, only occurrences of noncompliance that occur after July 1, 2008, are considered. If the participant is in 30 percent sanction in the month this section takes effect, that month counts as the first occurrence for purposes of applying the sanctions under this section, but the sanction must remain at 30 percent for that month.

(i) An assistance unit whose case is closed under paragraph (f) or (j), may reapply for MFIP and is eligible if the participant complies with MFIP program requirements and demonstrates compliance for up to one month. No assistance is paid during this period.

(j) An assistance unit whose case has been closed for noncompliance that reapplies under paragraph (i) is subject to sanction under paragraph (e) for a first occurrence of noncompliance. Any subsequent occurrence of noncompliance results in case closure under paragraph (f).

Sec. 37. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 4. Simplified sanctions for refusal to cooperate with support requirements. Beginning July 1, 2008, an MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, is subject to sanction under this subdivision and subdivision 1. For a first occurrence of noncooperation, the assistance unit's grant must be reduced by 30 percent of the applicable MFIP standard of need. Subsequent occurrences of noncooperation must be subject to sanction under subdivision 3, paragraphs (e) and (f). The residual amount of the grant, if any, is paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction is not imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction is removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an MFIP caregiver fails to comply with the requirements of section 256.741 is considered a separate occurrence of noncompliance for the purpose of applying sanctions under subdivision 3, paragraphs (e) and (f).

Sec. 38. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 5. Simplified dual sanctions. (a) Beginning July 1, 2008, notwithstanding the provisions of subdivisions 3 and 4, for a participant subject to a sanction for refusal to comply with child support requirements under subdivision 4 and subject to a concurrent sanction for refusal to cooperate with other program requirements under subdivision 3, sanctions must be imposed in the manner prescribed in this subdivision. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 3.

(b) If the participant was subject to sanction for:

(1) noncompliance under subdivision 3 before being subject to sanction for noncooperation under subdivision 4; or

(2) noncooperation under subdivision 4 before being subject to sanction for noncompliance under subdivision 3.
the participant is considered to have a second occurrence of noncompliance and is sanctioned as provided in subdivision 3, paragraph (e). Each subsequent occurrence of noncompliance is considered one additional occurrence and is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 3 and 4 in the same month is subject to sanction as follows:

(1) in the first month of noncompliance and noncooperation, the participant's grant must be reduced by 30 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(2) in the second and subsequent months of noncompliance and noncooperation, the participant is subject to the applicable level of sanction under subdivision 3. The requirement that the county conduct a review as specified in subdivision 3, paragraph (f), remains in effect.

(d) A participant remains subject to sanction under subdivision 4 if the participant:

(1) returns to compliance and is no longer subject to sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57; or

(2) has the sanction for noncompliance with section 256J.45 or sections 256J.515 to 256J.57 removed upon completion of the review under subdivision 3, paragraph (f).

(e) A participant remains subject to the applicable level of sanction under subdivision 3 if the participant cooperates and is no longer subject to sanction under subdivision 4.

Page 44, delete section 37 and insert:

"Sec. 37. Minnesota Statutes 2006, section 256J.49, subdivision 13, is amended to read:

Subd. 13. Work activity. "Work activity" means any activity in a participant's approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

(1) unsubsidized employment, including work study and paid apprenticeships or internships;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, the self-employment investment demonstration program (SEID) as specified in section 256J.65, paid work experience, and supported work when a wage subsidy is provided;

(3) unpaid work experience, including community service, volunteer work, the community service work experience program as specified in section 256J.67, 256J.675, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided;

(4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;

(5) job readiness education, including English as a second language (ESL) or functional work literacy classes as limited by the provisions of section 256J.531, subdivision 2, general educational development (GED) course work, high school completion, and adult basic education as limited by the provisions of section 256J.531, subdivision 1;"
(6) job skills training directly related to employment, including education and training that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

Sec. 38. Minnesota Statutes 2006, section 256J.50, subdivision 1, is amended to read:

Subdivision 1. Employment and training services component of MFIP. (a) Each county must develop and provide an employment and training services component which is designed to put participants on the most direct path to unsubsidized employment. Participation in these services is mandatory for all MFIP caregivers, unless the caregiver is exempt under section 256J.56.

(b) Effective July 1, 2008, a county must provide employment and training services under sections 256J.515 to 256J.74 within ten days after the caregiver is determined eligible for MFIP, or within ten days when the caregiver participated in the diversionary work program under section 256J.95 within the past 12 months."

Page 45, delete section 38

Page 46, delete section 39

Page 48, delete section 40

Page 48, delete section 41 and insert:

"Sec. 41. Minnesota Statutes 2006, section 256J.531, is amended to read:

256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.

Subdivision 1. Approval of adult basic education. With the exception of classes related to obtaining a general educational development credential (GED), a participant must have reading or mathematics proficiency below a ninth grade level in order for adult basic education classes to be an approved work activity. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending adult basic education or general educational development classes.

Subd. 2. Approval of English as a second language. In order for English as a second language (ESL) classes to be an approved work activity in an employment plan, a participant must be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test. In approving ESL as a work activity, the job counselor must give preference to enrollment in a functional work literacy program, if one is available, over a regular ESL program. A participant may not be approved for more than a combined total of 24 months of ESL classes while participating in the diversionary work program and the employment and training services component of MFIP. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending ESL classes. For participants enrolled in functional work literacy classes, no more than two-thirds of the participation requirements in section 256J.55, subdivision 1, may be met through attending functional work literacy classes.

EFFECTIVE DATE. This section is effective October 1, 2007."
Sec. 43. Minnesota Statutes 2006, section 256J.626, subdivision 7, is amended to read:

Subd. 7. Performance base funds. (a) Beginning calendar year 2005, each county and tribe will be allocated 95 percent of their initial calendar year allocation. Counties and tribes will be allocated additional funds based on performance as follows:

(1) for calendar year 2005, a county or tribe that achieves a 30 percent rate or higher on the MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(2) for calendar year 2006, a county or tribe that achieves a 40 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(3) for calendar year 2007, a county or tribe that achieves a 50 percent rate or a five percentage point improvement over the previous year’s MFIP participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(4) (1) for calendar year 2008, a county or tribe that achieves a 50 percent MFIP work participation rate as specified in the Personal Responsibility and Work Responsibility Act, Public Law 104-193, applied to all MFIP cases except child-only cases, as averaged across the four quarterly measurements for the most recent year for which the measurements are available, must receive an additional allocation equal to 2.5 percent of its initial allocation;

(2) for calendar year 2008 and yearly thereafter, a county or tribe that achieves a 50 percent MFIP TANF work participation rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and

(5) (3) for calendar years 2005 and thereafter, a county or tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to five percent of its initial allocation; or

(6) (4) for calendar years 2005 and thereafter, a county or tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (7), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(b) Performance-based funds for a federally approved tribal TANF program in which the state and tribe have in place a contract under section 256.01, addressing consolidated funding, will be allocated as follows:

(1) for calendar year 2006 and yearly thereafter, a tribe that achieves the participation rate approved in its federal TANF plan using the average of four quarterly measurements for the most recent year for which the measurements are available, will receive an additional allocation equal to 2.5 percent of its initial allocation; and
(2) for calendar years 2006 and thereafter, a tribe that performs above the top of its annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal to five percent of its initial allocation; or

(3) for calendar years 2006 and thereafter, a tribe that performs within its range of expected performance on the annualized three-year self-support index under section 256J.751, subdivision 2, clause (6), will receive an additional allocation equal to 2.5 percent of its initial allocation.

(c) Funds remaining unallocated after the performance-based allocations in paragraph (a) are available to the commissioner for innovation projects under subdivision 5.

(d)(1) If available funds are insufficient to meet county and tribal allocations under paragraph (a), the commissioner may make available for allocation funds that are unobligated and available from the innovation projects through the end of the current biennium.

(2) If after the application of clause (1) funds remain insufficient to meet county and tribal allocations under paragraph (a), the commissioner must proportionally reduce the allocation of each county and tribe with respect to their maximum allocation available under paragraph (a).

Sec. 44. Minnesota Statutes 2006, section 256J.626, is amended by adding a subdivision to read:

Subd. 10. Specialized employment. Beginning July 1, 2007, the commissioner shall make funds available annually to counties and tribes to develop paid and unpaid work experience positions for MFIP participants with no recent work history. The commissioner shall develop a process for approving requests and allocating funding in consultation with the counties and tribes.

Sec. 45. [256J.675] COMMUNITY SERVICE WORK EXPERIENCE.

Subdivision 1. Employment options. Community service work experience positions developed under this section are limited to projects that serve a useful public service such as health care, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, community service, services to aged or disabled citizens, and child care. To the extent possible, the prior training, skills, and experience of a participant must be considered in making appropriate work experience assignments.

Subd. 2. Placing participants in community service work experience. As a condition of placing a participant in a program under this section, the county agency shall ensure that:

(1) a participant is first given the opportunity for placement in suitable unsubsidized employment through participation in job search, or through participation in on-the-job training if such employment is available;

(2) after three months of participation in a community service work experience placement, and at the conclusion of each community service work experience assignment under this section, the participant's employment plan is revised as appropriate;

(3) the maximum number of hours any participant works under this section does not exceed the amount of the MFIP grant, cash and food support, divided by the federal or applicable state minimum wage, whichever is higher; and
(4) a participant does not continue in a community work experience placement for more than nine months unless
the maximum number of hours worked is no greater than the amount of the MFIP grant, cash and food support,
divided by the rate of pay for individuals employed in the same or similar occupations by the same employer at the
same site. This limit does not apply if it would prevent a participant from counting toward the federal work
participation rate.

Sec. 46. [256J.678] INJURY PROTECTION FOR COMMUNITY SERVICE WORK EXPERIENCE
PARTICIPANTS.

Subdivision 1. Authority. The Department of Administration, in consultation with the Department of Human
Services, shall contract with an approved insurance carrier to provide coverage for injuries or death resulting from a
person’s participation in paid and unpaid community work experience programs authorized by the commissioner for
persons applying for or receiving DWP, MFIP, or food stamps, and participating in the Minnesota parent’s fair share
program and the community service program under section 518.551, subdivision 5a, in a county with an approved
community investment program for obligors.

Subd. 2. Claims. Claims that are subject to this section must be reported to the insurance carrier in a format
approved by the carrier by the department of the state, county agency, or tribal program responsible for supervising
the work.

Subd. 3. Exclusive procedure. The procedure established by this section is exclusive of all other legal,
equitable, and statutory remedies against the state, employees of the state, or the state’s political subdivisions. The
claimant is not entitled to seek damages from any other state, county, tribal, or reservation insurance policy or self-
insurance program.

Subd. 4. Requirements for worksites. The department of the state, county agency, or tribal program
responsible for supervising the work shall ensure that no participant is assigned to a worksite which is in violation of
federal Occupational Safety and Health Administration and state Department of Labor and Industry safety standards
or is under investigation to determine if those violations have occurred. All participants must be given the same
safety information and training given to a paid employee performing similar work at that worksite."

Page 54, delete section 44
Page 55, delete section 45
Page 56, delete sections 46 and 47
Page 57, delete section 48
Page 58, delete section 49
Page 61, delete section 52
Page 62, after line 33, insert:

"Sec. 54. Minnesota Statutes 2006, section 256J.95, subdivision 15, is amended to read:

Subd. 15. Limitations on certain work activities. (a) Except as specified in paragraphs (b) to (d), employment
activities listed in section 256J.49, subdivision 13, are allowable under the diversionary work program."
(b) Work activities under section 256J.49, subdivision 13, clause (5), shall be allowable only when in combination with approved work activities under section 256J.49, subdivision 13, clauses (1) to (4), and shall be limited to no more than one-half of the hours required in the employment plan.

(e) (b) In order for an English as a second language (ESL) class or Functional Work Literacy under section 256J.49, subdivision 13, clause (5), to be an approved work activity, a participant must:

(1) be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test; and

(2) not have been enrolled in ESL for more than 24 months while previously participating in MFIP or DWP. A participant who has been enrolled in ESL for 20 or more months may be approved for ESL until the participant has received 24 total months.

(d) (c) Work activities under section 256J.49, subdivision 13, clause (6), shall be allowable only when the training or education program will be completed within the four-month DWP period. Training or education programs that will not be completed within the four-month DWP period shall not be approved."

Page 115, line 21, delete "sections" and insert "section" and delete everything after "256J.29" and insert "is repealed."

Page 115, delete line 22

Page 115, after line 24, insert:

"Sec. 99. REPEALER.

(a) Minnesota Statutes 2006, sections 256J.67; and 256J.68, are repealed.

(b) Minnesota Statutes 2006, sections 256J.425, subdivisions 6 and 7; and 256J.46, subdivisions 1, 2, and 2a, are repealed effective June 30, 2008.

(c) Minnesota Statutes 2006, section 256J.29, is repealed."

Page 185, after line 1, insert:

"Sec. 5. [256.9773] FAMILY CARE GRANT.

Subdivision 1. Definitions. The terms used in this section have the following meanings unless otherwise provided for by text.

(a) "Caregiver" means an individual who provides unpaid assistance on a daily basis equivalent to personal care assistant services under section 256B.0655, subdivision 2, to a service recipient in either the caregiver’s home or the service recipient's home located in the state of Minnesota.

(b) "Service recipient" means an individual who:

(1) requires assistance with three or more activities of daily living;

(2) does not reside in a nursing facility; and
(3) meets one of the following criteria:

(i) is age 60 or older;

(ii) is at least age 19 but under age 60; or

(iii) is of any age and diagnosed with Alzheimer’s disease or other dementia.

Subd. 2. **Grant application.** A caregiver may apply to the commissioner for a family care grant of up to $1,000 each year. The grant must be used only for expenses related to care provided to a service recipient. Caregivers shall apply to grants in the form and manner specified by the commissioner. The number of grants awarded by the commissioner is subject to the limit of available appropriations."

Page 477, line 20, delete "amounts" and insert "amount"

Page 477, line 22, delete "(1)" and delete "$4,269,000" and insert "$27,269,000" and delete "and" and insert a period

Page 477, after line 25 insert:

"**TANF Transfer to Federal Child Care and Development Fund.** The following TANF fund amount is appropriated to the commissioner for the purposes of MFIP transition year child care under MFIP, Minnesota Statutes, section 119B.05:

(1) fiscal year 2008, $5,643,000;

(2) fiscal year 2009, $14,372,000;

(3) fiscal year 2010, $17,616,000; and

(4) fiscal year 2011, $17,320,000.

The commissioner shall authorize transfer of sufficient TANF funds to the federal Child Care and Development Fund to meet this appropriation and shall ensure that all transferred funds are expended according the federal Child Care and Development Fund regulations."

Page 507, after line 21, insert:

"**Family care grants.** $23,000,000 is appropriated from the general fund to the commissioner for the fiscal biennium beginning July 1, 2007, for family care grants. The commissioner may use up to five percent of this appropriation for administration of the grants."

Renumber the sections in sequence and correct the internal references

Adjust fund totals accordingly

Amend the title accordingly

A roll call was requested and properly seconded.
The question was taken on the Peppin et al amendment and the roll was called. There were 45 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler  Dean  Gottwalt  Kohls  Peppin  Svigsgum
Anderson, B.  DeLaForest  Gunther  Lanning  Peterson, N.  Tingelstad
Anderson, S.  Demmer  Hackbarth  Magnus  Ruth  Urdahl
Beard  Dettmer  Hamilton  McFarlane  Seifert  Westrom
Borns  Emmer  Heidgerken  McNamara  Severson  Zellers
Brod  Erickson  Holberg  Nornes  Shimanski
Buesgens  Finstad  Hoppe  Olson  Simpson
Cornish  Garofalo  Howes  Paulsen  Smith

Those who voted in the negative were:

Anzelc  Erhardt  Johnson  Mahoney  Pelowski  Thissen
Atkins  Faust  Juhnke  Mariani  Peterson, A.  Tillberry
Benson  Fritz  Kahn  Marquart  Peterson, S.  Tschumper
Bigham  Gardner  Kafin  Masin  Poppe  Wagenius
Bly  Greiling  Knuth  Moe  Rukavina  Walker
Brown  Hansen  Koenen  Morgan  Ruud  Ward
Brynaert  Hausman  Kranz  Morrow  Sailer  Welti
Bunn  Haws  Laine  Mullery  Scalze  Winkler
Clark  Hilstrom  Leniczewski  Murphy, E.  Sertich  Wollschlager
Davnie  Hily  Lesch  Murphy, M.  Simon  Spk. Kelliher
Dill  Hornstein  Liebling  Nelson  Slawik
Dittrich  Hortman  Lieder  Norton  Slocum
Domínguez  Hosch  Lillie  Olin  Solberg
Doty  Huntley  Loeffler  Otremba  Swails
Eken  Jaros  Madore  Paymar  Thao

The motion did not prevail and the amendment was not adopted.

Severson moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 428, after line 17, insert:

"Sec. 10. Minnesota Statutes 2006, section 144.2216, is amended to read:

144.2216 BIRTH DEFECTS RECORDS AND REPORTS REQUIRED PERMITTED.

Subdivision 1. Hospitals and similar institutions. With the informed consent of a parent or guardian, as provided in subdivision 4, a hospital, medical clinic, medical laboratory, or other institution for the hospitalization, clinical or laboratory diagnosis, or care of human beings shall provide the commissioner of health with access to information on each birth defect case in the manner and at the times that the commissioner designates.

Subd. 2. Other information repositories. With the informed consent of a parent or guardian, as provided in subdivision 4, other repositories of information on the diagnosis or care of infants may provide the commissioner with access to information on each case of birth defects in the manner and at the times that the commissioner designates."
Subd. 3. **Reporting without liability.** Furnishing information in good faith in compliance with this section does not subject the person, hospital, medical clinic, medical laboratory, data repository, or other institution furnishing the information to any action for damages or relief.

Subd. 4. **Opt out in.** A parent or legal guardian must be informed by the commissioner at the time of the initial data collection that they may consent to having their child's personal and medical data in request removal at any time of personal identifying information concerning a child from the birth defects information system using a written form prescribed by the commissioner. The commissioner shall advise parents or legal guardians of infants:

1. that the information on birth defects may be retained by the Department of Health;
2. the benefit of retaining birth defects records;
3. that the child's data in the birth defects information system may be shared without their consent according to statute;
4. that if they consent they may elect to have the birth defects information collected once, within one year of birth;
5. that they may opt out of the birth defects information system at any time and require that all personally identifying information be destroyed immediately upon the commissioner receiving their request.

If the parents of an infant object consent in writing to the maintaining of birth defects information, the objection or election shall be recorded on a form that is signed by a parent or legal guardian and submitted to the commissioner of health; and

1. (4) if the parent or legal guardian chooses to opt-out not to consent, the commissioner will not be able to inform the parent or legal guardian of a child of information related to the prevention, treatment, or cause of a particular birth defect.

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Severson amendment and the roll was called. There were 43 yeas and 87 nays as follows:

Those who voted in the affirmative were:

| Anderson, B. | Demmer | Hackbarth | Lanning | Peppin | Udahl |
| Beard | Detmer | Hamilton | Magnus | Ruth | Westrom |
| Berns | Emmer | Haws | McFarlane | Seifert | Zellers |
| Brod | Erickson | Heidgerken | Morrow | Severson |
| Buesgens | Finstad | Holberg | Murphy, M. | Shimanski |
| Cornish | Garofalo | Hoppe | Nornes | Simpson |
| Dean | Gottwalt | Howes | Olson | Smith |
| DeLaForest | Gunther | Kohls | Paulsen | Sviggum |
Those who voted in the negative were:

Abeler  Doty  Jaros  Madore  Pelowski  Thao
Anderson, S.  Eken  Johnson  Mahoney  Peterson, A.  Thissen
Anzelc  Erhardt  Juhnke  Mariani  Peterson, N.  Tillberry
Atkins  Faust  Kahn  Marquart  Peterson, S.  Tingelstad
Benson  Fritz  Kalin  Masin  Poppe  Tschumper
Bigham  Gardner  Knuth  McNamara  Rukavina  Wagenius
Bly  Greiling  Koenen  Moe  Ruud  Walker
Brown  Hansen  Kranz  Morgan  Sailer  Ward
Brynaert  Hausman  Laine  Mullery  Scalze  Welti
Bunn  Hilstrom  Lenczewski  Murphy, E.  Sertich  Winkler
Clark  Hilty  Lesch  Nelson  Simon  Wollschläger
Davnie  Hornstein  Liebling  Norton  Slavik  Spk. Kelliher
Dill  Hortman  Lieder  Olin  Slocum
Dittrich  Hosch  Lillie  Otremba  Solberg
Dominguez  Huntley  Loeffler  Paymar  Swails

The motion did not prevail and the amendment was not adopted.

Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 512, line 16, delete "220,000" and insert "140,000"

Page 523, delete lines 4 to 9

A roll call was requested and properly seconded.

The question was taken on the Emmer amendment and the roll was called. There were 49 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Abeler  DeLaForest  Gottwald  Lanning  Peppin  Tingelstad
Anderson, B.  Demmer  Gunther  Lenczewski  Ruth  Urdahl
Anderson, S.  Dettmer  Hackbarth  Magnus  Seifert  Westrom
Beard  Dittrich  Hamilton  McFarlane  Severson  Zellers
Berns  Eastlund  Heidgerken  McNamara  Shimanski
Brod  Emmer  Holberg  Nornes  Simpson
Buesgens  Erickson  Hoppe  Olson  Smith
Cornish  Finstad  Howes  Paulsen  Sviggum
Dean  Garofalo  Kohls  Pelowski  Swails

Those who voted in the negative were:

Anzelc  Bunn  Erhardt  Haws  Jaros  Kranz
Atkins  Clark  Faust  Hilstrom  Johnson  Laine
Benson  Davnie  Fritz  Hilty  Juhnke  Lesch
Bigham  Dill  Gardner  Hornstein  Kahn  Liebling
Bly  Dominguez  Greiling  Hortman  Kalin  Lieder
Brown  Doty  Hansen  Hosch  Knuth  Lillie
Brynaert  Eken  Hausman  Huntley  Koenen  Loeffler
The motion did not prevail and the amendment was not adopted.

Pursuant to rule 1.50, Sertich moved that the House be allowed to continue in session after 12:00 midnight. The motion prevailed.

Olson and Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 388, delete section 2
Page 393, delete section 3
Page 518, delete lines 30 to 35
Page 519, delete lines 1 to 6
Renumber the sections in sequence and correct the internal references
Amend the title accordingly

A roll call was requested and properly seconded.

The Speaker called Hausman to the Chair.

Erickson moved to amend the Olson and Emmer amendment to S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 1, after line 4, insert:

"Page 478, delete "$6,416,000" and insert "$12,416,000"

Page 503, after line 12, insert:

"Onetime ICF/MR Funding. Of this appropriation, $6,000,000 is for the commissioner of human services for the biennium beginning July 1, 2007, to provide onetime funding to intermediate care facilities for persons with mental retardation or related conditions for compensation-related costs, including but not limited to onetime employee bonuses. Funding provided to each facility shall be proportioned to the facility's number of licensed beds. This is a onetime appropriation and shall not become part of facility base funding for the biennium beginning July 1, 2009."
"Amend the fund totals accordingly"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 15 yeas and 117 nays as follows:

Those who voted in the affirmative were:

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Those who voted in the negative were:

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The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Olson and Emmer amendment and the roll was called. There were 12 yeas and 119 nays as follows:

Those who voted in the affirmative were:

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The motion did not prevail and the amendment was not adopted.

Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 36, after line 32, insert:

"Sec. 31. Minnesota Statutes 2006, section 256J.15, is amended by adding a subdivision to read:

Subd. 3. **Drug testing.** (a) Beginning July 1, 2007, in order to be eligible for assistance under this chapter, applicants must pass a drug test at the time of application for assistance. Persons receiving assistance prior to July 1, 2007, must pass a drug test at the next time of recertification of eligibility under section 256J.32, subdivision 6, as a condition of continued eligibility and following any positive test for an illegal controlled substance are subject to the sanctions under section 256J.26, subdivision 1, paragraph (a), clauses (2) and (3).

(b) MFIP applicants and participants must pay for the cost of the drug test required under paragraph (a), either up front or through an offset of future assistance under this chapter."

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.
The question was taken on the Emmer amendment and the roll was called. There were 41 yeas and 91 nays as follows:

Those who voted in the affirmative were:

Anderson, B.  Dean  Finstad  Holberg  Olson  Simpson
Anderson, S.  DeLaForest  Garofalo  Hoppe  Paulsen  Smith
Beard  Demmer  Gottwald  Howes  Peppin  Sviggum
Benns  Dettmer  Gunther  Kohls  Ruth  Urdahl
Brod  Eastlund  Hackbarth  Magnus  Seifert  Westrom
Buesgens  Emmer  Hamilton  McNamara  Severson  Zellers
Cornish  Erickson  Heidgerken  Nornes  Shimanski

Those who voted in the negative were:

Abeler  Eken  Johnson  Mahoney  Pelowski  Thissen
Anzelc  Erhardt  Juhnke  Mariani  Peterson, A.  Tillberry
Atkins  Faust  Kahn  Marquart  Peterson, N.  Tingelstad
Benson  Fritz  Kalin  Masin  Peterson, S.  Tschumper
Bigham  Gardner  Knuth  McFarlane  Poppe  Wagenius
Bly  Greiling  Koenen  Moe  Rukavina  Walker
Brown  Hansen  Kranz  Morgan  Ruud  Ward
Brynaert  Hausman  Laine  Morrow  Sailer  Welti
Bunn  Haws  Lanning  Mullery  Scalze  Winkler
Carlson  Hilstrom  Lenczewski  Murphy, E.  Sertich  Wollschlager
Clark  Hilty  Lesch  Murphy, M.  Simon  Spk. Kelliher
Davnie  Hornstein  Liebling  Nelson  Slawik
Dill  Hortman  Lieder  Norton  Slocum
Dittrich  Hoch  Lillie  Olin  Solberg
Dominguez  Huntley  Loeffler  Otremba  Swails
Doty  Jaros  Madore  Paymar  Thao

The motion did not prevail and the amendment was not adopted.

Peppin moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 393, line 27, delete "requirement" and insert "use of exchange"

Page 393, line 28, delete "shall" and insert "may"

Page 393, line 31, delete everything after the period

Page 393, delete lines 32 to 34

Page 394, delete lines 1 to 2

Page 394, delete lines 5 to 8

Page 394, line 9, delete "Subd. 4." and insert "Subd. 3." and delete "are required to offer or"

Page 394, line 26, delete "Subd. 5." and insert "Subd. 4."
A roll call was requested and properly seconded.

The question was taken on the Peppin amendment and the roll was called. There were 40 yeas and 92 nays as follows:

Those who voted in the affirmative were:

Abeler  Dettmer  Gottwalt  Lanning  Peppin  Svviggum
Anderson, B.  Demmer  Gunther  Magnus  Ruth  Tingelstad
Anderson, S.  Eastlund  Hackbarth  McFarlane  Seifert  Urdahl
Brod  Emmer  Hamilton  McNamara  Severson  Westrom
Buesgens  Erickson  Heidgerken  Nornes  Shimanski  Zellers
Cornish  Finstad  Halberg  Olson  Simpson
DeLaForest  Garofalo  Hoppe  Paulsen  Smith

Those who voted in the negative were:

Anzelc  Dominguez  Howes  Lillie  Otremba  Swails
Atkins  Doty  Huntley  Loeffler  Paymar  Thao
Beard  Eken  Jaros  Madore  Pelowski  Thissen
Benson  Erhardt  Johnson  Mahoney  Peterson, A.  Tillberry
Bers  Faust  Juhnke  Mariani  Peterson, N.  Tschumper
Bigham  Fritz  Kahn  Marquart  Peterson, S.  Wagenius
Bly  Gardner  Kalin  Masin  Poppe  Walker
Brown  Greiling  Knuth  Moe  Rukavina  Ward
Brynaert  Hansen  Koenen  Morgan  Ruud  Welti
Bunn  Hausman  Kohls  Morrow  Sailer  Winkler
Carlson  Haws  Kranz  Mullery  Scalze  Wolfschlager
Clark  Hilstrom  Laine  Murphy, E.  Sertich  Spk. Kelliher
Davnie  Hilty  Lenczewski  Murphy, M.  Simon
Dean  Hornstein  Lesch  Nelson  Slawik
Dill  Hortman  Liebling  Norton  Slocum
Dittrich  Hosch  Lieder  Olin  Solberg

The motion did not prevail and the amendment was not adopted.

Erickson moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 332, line 6, after the period, insert "A parent or guardian shall be notified before oral contraceptives are dispensed to their minor child."

A roll call was requested and properly seconded.

The question was taken on the Erickson amendment and the roll was called. There were 49 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Abeler  Beard  Buesgens  Dean  Dettmer  Erickson
Anderson, B.  Berns  Bunn  DeLaForest  Eastlund  Finstad
Anderson, S.  Brod  Cornish  Demmer  Emmer  Garofalo
Those who voted in the negative were:

Anzelc  Eken  Jaros  Madore  Paymar  Spk. Kelliher
Atkins  Erhardt  Johnson  Mahoney  Pelowski  Swails
Benson  Faust  Juhnke  Mariani  Peterson, A.  Thao
Bigham  Fritz  Kahn  Marquart  Peterson, N.  Thissen
Bly  Gardner  Kalin  Masin  Peterson, S.  Tillberry
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Clark  Haws  Laine  Mullery  Sailer  Ward
Davnie  Hilstrom  Lesch  Murphy, E.  Scalze  Welti
Dill  Hilty  Liebling  Nelson  Sertich  Winkler
Dittrich  Hornstein  Lieder  Norton  Simon  Wollschlager
Dominguez  Hortman  Lillie  Olin  Slawik  Spk. Kelliher
Doty  Huntley  Loeffler  Otremba  Slocum

The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

Gottwalt; Dean; Hamilton; Ruth; Magnus; Urdahl; Smith; Cornish; Dettmer; Hackbarth; Heidgerken; Kohls; Brod; Emmer; Buesgens; Shimanski; Gunther; Severson; Zellers; Garofalo; Erickson; Finstad; Eastlund; Nornes; Otremba; Anderson, B.; Demmer; Beard; Sviggum; Tingelstad; Seifert and Peppin moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 513, line 30, after the period, insert "Any organization that provides abortions or directly refers for abortion is ineligible to receive funds under the program authorized by section 145.925."

A roll call was requested and properly seconded.

The question was taken on the Gottwalt et al amendment and the roll was called. There were 60 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Abeler  Buesgens  Dill  Finstad  Hamilton  Howes
Anderson, B.  Cornish  Doty  Fritz  Haws  Juhnke
Anderson, S.  Dean  Eastlund  Garofalo  Heidgerken  Koenen
Beard  DeLaForest  Eken  Gottwald  Holberg  Kohls
Berns  Demmer  Emmer  Gunther  Hoppe  Lanning
Brod  Dettmer  Erickson  Hackbarth  Hosch  Lenczewski
The motion did not prevail and the amendment was not adopted.

Olson; Cornish; Anderson, B.; Severson; Erickson; Shimanski; Hackbarth and Emmer moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 285, line 14, after "written" insert "informed"

Page 285, line 15, after the period, insert The informed consent for social and emotional screening shall fully inform the parent or legal guardian of the child of all known and potential consequences of and alternatives for such psychological, mental health, or socioemotional screening, evaluation, examination, or testing and acknowledge and sign the following statement which may be revoked any time by the parent or legal guardian:

(1) I understand that my child has been referred to be screened for an emotional, behavioral, or mental disorder, a specific learning disability, or other health impairment, that may lead to psychological or psychiatric evaluation. The screening, testing, examination, evaluation may ultimately result in the diagnosis of a "mental disorder" or "syndrome" which is based on the observation and subjective interpretation of my child's behavior as reported by teachers, psychologists, psychiatrists, or others.

(2) I understand that, unlike most medical diagnostic methods, a diagnosis of mental disorder or syndrome, including, but not limited to, attention deficit hyperactivity disorder (ADHD), bipolar disorder, and depression, is not based on any medical test, such as a brain scan, chemical imbalance test, X-ray, biopsy, blood test, or urinalysis, that can scientifically detect a physical abnormality in an infant, child, adolescent, or adult.

(3) I understand that if my child is diagnosed or labeled with any mental disorder or syndrome, treatment may include prescriptions for psychotropic or psychiatric medications, such as antidepressants or stimulants, which may have side effects and uncertain effectiveness.

(4) Most antidepressants are not approved for children by the Food and Drug Administration, and all antidepressants and the ADHD drug Straterra contain warnings of suicide risk in children. The Food and Drug Administration has also issued warnings that stimulants often prescribed for children may cause suicidal and psychotic behavior or sudden death due to heart failure.
(5) I understand that I have the right to be informed of all the known side effects of any recommended drug, including the current information concerning the drug in the Physicians' Desk Reference.

(6) I understand that I may request full information on the short-term and long-term benefits and risks of a drug, any interactions the drug has with other medications, the length of time my child will need to take the drug, and all of the up-to-date accumulation of adverse reaction reports of the drug from the FDA. I understand that psychotropic or psychiatric drugs may be addictive and could cause dependency.

(7) I understand that physical problems such as poor nutrition, exposure to toxins, including lead poisoning, or allergies and other medical conditions can cause emotional, behavioral, or mental symptoms and that these causes may be detectible through medical examination, including, but not limited to, blood testing.

(8) I understand that there are alternatives to psychotropic or psychiatric drug treatment and that I should ask the evaluation personnel and my physician about such alternatives. I understand that it is my responsibility to make an informed decision on behalf of my child. I understand that I may withdraw my permission for psychiatric screening, evaluation, examination, testing, or treatment at any time.

(9) I acknowledge that I have read and understood the above information and, based on my understanding, I hereby:

(i) Give my full and informed consent for my child to undergo psychiatric, socioemotional, or mental health screening, evaluation, examination, or testing.

........................................................................................................
(Signature of Parent or Legal Guardian)

(ii) Do not give my consent for my child to undergo psychiatric, socioemotional, or mental health screening, evaluation, examination, or testing.

........................................................................................................
(Signature of Parent or Legal Guardian)

The motion did not prevail and the amendment was not adopted.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1989:

Rukavina, Welti, Brynaert and McFarlane.

FISCAL CALENDAR, Continued

Peppin; Zellers; Hackbarth; Dettmer; Severson; Urdahl; Hamilton; Heidgerken; Magnus; Ruth; Dean; Brod; Gunther; Nornes; Otremba; Kohls; Cornish; Anderson, B.; Buesgens; Emmer; Shimanski; Svigum; Garofalo; Eastlund; Smith; Erickson; Finstad; Demmer; Beard; Tinglestad and Seifert moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:
Page 513, line 30, after the period, insert "Any organization or an affiliate of an organization that provides abortions, promotes abortions, or directly refers for abortion is ineligible to receive funds under this program."

A roll call was requested and properly seconded.

The question was taken on the Peppin et al amendment and the roll was called. There were 60 yeas and 71 nays as follows:

Those who voted in the affirmative were:


Those who voted in the negative were:


The motion did not prevail and the amendment was not adopted.

Erickson moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 63, after line 17, insert:

"Sec. 56. Minnesota Statutes 2006, section 259.29, subdivision 2, is amended to read:

Subd. 2. Placement with relative or friend, or married couple. The authorized child-placing agency shall consider placement, consistent with the child's best interests and in the following order, with (1) a relative or relatives of the child, or (2) an important friend with whom the child has resided or had significant contact, or (3) a married couple. In implementing this section, an authorized child-placing agency may disclose private or confidential data, as defined in section 13.02, to relatives of the child for the purpose of locating a suitable adoptive home. The agency shall disclose only data that is necessary to facilitate implementing the preference."
If the child's birth parent or parents explicitly request that placement with relatives or important friends not be considered, the authorized child-placing agency shall honor that request consistent with the best interests of the child.

If the child's birth parent or parents express a preference for placing the child in an adoptive home of the same or a similar religious background to that of the birth parent or parents, the agency shall place the child with a family that meets the birth parent’s religious preference.

This subdivision does not affect the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923, and the Minnesota Indian Family Preservation Act, sections 260.751 to 260.835.”

A roll call was requested and properly seconded.

The question was taken on the Erickson amendment and the roll was called. There were 43 yeas and 88 nays as follows:

Those who voted in the affirmative were:

Anderson, B.  Dean  Garofalo  Lanning  Peterson, N.  Urdahl
Anderson, S.  DeLaForest  Gottwald  Magnus  Ruth  Westrom
Beard  Demmer  Gunther  McFarlane  Seifert  Zellers
Berns  Dettmer  Hackbarth  McNamara  Severson
Brod  Eastlund  Hamilton  Nornes  Shimanski
Buesgens  Emmer  Heidgerken  Olson  Simpson
Bunn  Erickson  Holberg  Paulsen  Smith
Cornish  Finstad  Kohls  Peppin  Siggum

Those who voted in the negative were:

Anzelc  Erhardt  Huntley  Loeffler  Otremba  Swails
Atkins  Faust  Jaros  Madore  Paymar  Thao
Benson  Fritz  Johnson  Mahoney  Pelowski  Thissen
Bigham  Gardner  Juhnke  Mariani  Peterson, A.  Tillberry
Bly  Greiling  Kalin  Marquart  Peterson, S.  Tschumper
Brown  Hansen  Kalin  Masin  Poppe  Wagenius
Brynaert  Hausman  Knuth  Moe  Rukavina  Walker
Carlson  Haws  Koenen  Morgan  Ruud  Ward
Clark  Hilstrom  Kranz  Morrow  Sailer  Welti
Davnie  Hilty  Laine  Mullery  Scalze  Winkler
Dill  Hoppe  Lenczewski  Murphy, E.  Sertich  Wollschlager
 Dittrich  Hornstein  Lesch  Murphy, M.  Simon  Spk. Kelliher
 Dominguez  Hortman  Liebling  Nelson  Slawik
 Doty  Hosch  Lieder  Norton  Slocum
 Eken  Howes  Lillie  Olin  Solberg

The motion did not prevail and the amendment was not adopted.

Severson moved to amend S. F. No. 2171, the third unofficial engrossment, as amended, as follows:

Page 512, delete lines 14 to 18 and insert:
"MN ENABL. Base level funding for the MN ENABL program under Minnesota Statutes, section 145.9255, is increased by $30,000 each year of the biennium beginning July 1, 2007. This amount is transferred from the appropriation for the Minnesota birth defects information system under subdivision 4."

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Severson amendment and the roll was called. There were 46 yeas and 86 nays as follows:

Those who voted in the affirmative were:

- Anderson, B.
- Beard
- Berns
- Brod
- Buesgens
- Cornish
- Dean
- DeLaForest
- Dettmer
- Eastlund
- Emmer
- Erickson
- Faust
- Finstad
- Garofalo
- Gottwalt
- Gunther
- Hackorth
- Hamilton
- Heidgerken
- Holberg
- Hoppe
- Kohls
- Kranz
- Lenczewski
- Magnus
- McFarlane
- McNamara
- Nornes
- Olson
- Paulsen
- Pelowski
- Peppin
- Peterson, N.
- Swails
- Tingelstad
- Seifert
- Udahl
- Severson
- Westrom
- Shimanski
- Zellers
- Sviggum
- S. F. No. 2171, A bill for an act relating to state government; making changes to health and human services programs; modifying health policy; changing licensing provisions; altering provisions for mental and chemical health; modifying child care provisions; amending children and family services provisions; changing continuing care provisions; amending MinnesotaCare; adjusting child care assistance eligibility; establishing family stabilization services; enacting federal compliance requirements; expanding medical assistance coverage; providing rate increases for certain providers; modifying fees; appropriating money for human services, health, veterans nursing homes
boards, the Emergency Medical Services Regulatory Board; health care boards, the Council on Disability, the ombudsman for mental health and developmental disabilities, and the ombudsman for families; requiring reports; amending Minnesota Statutes 2006, sections 13.381, by adding a subdivision; 16A.724, subdivision 2, by adding subdivisions; 47.58, subdivision 8; 62E.02, subdivision 7; 62J.07, subdivisions 1, 3; 62J.495; 62J.692, subdivisions 1, 4, 5, 8; 62J.82; 62L.02, subdivision 11; 62Q.165, subdivisions 1, 2; 62Q.80, subdivisions 3, 4, 13, 14, by adding a subdivision; 69.021, subdivision 11; 103L.101, subdivision 6; 103L.208, subdivisions 1, 2; 103L.235, subdivision 1; 119B.011, by adding a subdivision; 119B.035, subdivision 1; 119B.05, subdivision 1; 119B.09, subdivision 1; 119B.12, by adding a subdivision; 119B.13, subdivisions 1, 7; 144.123; 144.125, subdivisions 1, 2; 144.3345; 144D.03, subdivision 1; 148.5194, by adding a subdivision; 148.6445, subdivisions 1, 2; 148C.11, subdivision 1; 149.A.97, subdivision 7; 153A.14, subdivision 4a; 153A.17; 169.A.70, subdivision 4; 245.465, by adding a subdivision; 245.4874; 245.771, by adding a subdivision; 245.98, subdivision 2; 245A.035; 245A.10, subdivision 2; 245A.16, subdivisions 1, 3; 245C.02, by adding a subdivision; 245C.04, subdivision 1; 245C.05, subdivisions 1, 4, 5, 7, by adding a subdivision; 245C.08, subdivisions 1, 2; 245C.10, by adding a subdivision; 245C.11, subdivisions 1, 2; 245C.12; 245C.16, subdivision 1; 245C.17, by adding a subdivision; 245C.21, by adding a subdivision; 245C.23, subdivision 2; 246.54, subdivisions 1, 2; 252.27, subdivision 2a; 252.32, subdivision 3; 253B.185, by adding a subdivision; 254B.02, subdivision 3; 256.01, subdivision 2b, by adding subdivisions; 256.482, subdivisions 1, 8; 256.969, subdivisions 3a, 9, 27, by adding a subdivision; 256.975, subdivision 7; 256B.04, subdivision 14, by adding a subdivision; 256B.056, subdivision 10; 256B.0621, subdivision 11; 256B.0622, subdivision 2; 256B.0623, subdivision 5; 256B.0625, subdivisions 17, 18a, 20, 30, by adding subdivisions; 256B.0631, subdivisions 1, 3; 256B.0655, subdivision 8; 256B.0911, subdivisions 1a, 3, by adding a subdivision; 256B.0913, by adding a subdivision; 256B.0915, by adding a subdivision; 256B.0943, subdivision 8; 256B.0945, subdivision 4; 256B.095, subdivision 4; 256B.0951, subdivision 1; 256B.15, by adding a subdivision; 256B.199; 256B.431, subdivisions 2e, 41; 256B.434, subdivision 4, by adding a subdivision; 256B.437, by adding a subdivision; 256B.441, subdivisions 1, 2, 5, 6, 10, 11, 13, 14, 17, 20, 24, 30, 31, 34, 38, by adding subdivisions; 256B.49, subdivisions 11, 16; 256B.5012, by adding a subdivision; 256B.69, subdivisions 2, 4, 5g, 5h; 256B.75; 256B.76; 256B.763; 256D.03, subdivision 3; 256L.04, subdivision 3; 256L.05, by adding subdivisions; 256J.01, by adding a subdivision; 256J.02, by adding a subdivision; 256J.08, subdivision 65; 256J.20, subdivision 3; 256J.32, subdivision 6; 256J.425, subdivisions 3, 4, 256J.49, subdivision 13; 256J.521, subdivisions 1, 2; 256J.53, subdivision 2; 256J.55, subdivision 1; 256J.626, subdivisions 1, 2, 3, 4, 5, 6; 256L.01, subdivisions 1, 4; 256L.03, subdivisions 1, 3, 5; 256L.035; 256L.04, subdivisions 1, 1a, 7, 10; 256L.05, subdivisions 1, 1b, 2a; 256L.07, subdivisions 1, 2, 3, 6; 256L.09, subdivision 4; 256L.11, subdivision 7; 256L.12, subdivision 9a; 256L.15, subdivisions 1, 2, 4; 256L.17, subdivisions 2, 3, 7; 259.20, subdivision 2; 259.29, subdivision 1; 259.41; 259.53, subdivision 2; 259.57, subdivision 2; 259.67, subdivision 4; 260C.209; 260C.212, subdivision 2; 462A.05, by adding a subdivision; 518A.56, by adding a subdivision; 609.115, subdivisions 8, 9; Laws 2005, chapter 98, article 3, section 25; Laws 2005, First Special Session chapter 4, article 9, section 3, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 16C; 62J; 144; 145; 149A; 152; 156; 245C; 252; 254A; 256; 256C; 256J; 256L; repealing Minnesota Statutes 2006, sections 62A.301; 62J.692, subdivision 10; 256B.0631, subdivision 4; 256B.441, subdivisions 12, 16, 21, 26, 28, 42, 45; 256J.24, subdivision 6; 256J.29; 256J.37, subdivisions 3a, 3b; 256J.626, subdivisions 7, 9; 256L.035; 256L.07, subdivision 2a; Laws 2004, chapter 288, article 6, section 27; Minnesota Rules, parts 4610.2800; 9585.0030.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 86 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Abeler  Benson  Brown  Carlson  Dill  Doty
Anzelc  Bigham  Brynaert  Clark  Dittrich  Eken
Atkins  Bly  Bunn  Davnie  Dominguez  Faust
The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 6, A bill for an act relating to education; providing for early childhood, family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, state agencies, forecast adjustments, technical and conforming amendments, pupil transportation standards, and early childhood and adult programs; providing for task force and advisory groups; requiring school districts to give employees who are veterans the option to take personal leave on Veteran's Day and encouraging private employers to give employees who are veterans a day off with pay on Veteran's Day; requiring reports; authorizing rulemaking; funding parenting time centers; funding lead hazard reduction; appropriating money; amending Minnesota Statutes 2006, sections 13.32, by adding a subdivision; 16A.152, subdivision 2; 119A.50, by adding a subdivision; 119A.52; 119A.535; 120A.22, subdivision 7; 120B.021, subdivision 1; 120B.023, subdivision 2; 120B.024; 120B.11, subdivision 5; 120B.132; 120B.15; 120B.30; 120B.31, subdivision 3; 120B.36, subdivision 1; 121A.17, subdivision 5; 121A.22, subdivisions 1, 3, 4; 122A.16; 122A.18, by adding a subdivision; 122A.20, subdivision 1; 122A.414, subdivisions 1, 2; 122A.415, subdivision 1; 122A.60,
subdivision 3; 122A.61, subdivision 1; 122A.628, subdivision 2; 122A.72, subdivision 5; 123A.73, subdivision 8; 123B.02, by adding a subdivision; 123B.10, subdivision 1, by adding a subdivision; 123B.143, subdivision 1; 123B.36, subdivision 1; 123B.37, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 1, 4, 5; 123B.54; 123B.57, subdivision 3; 123B.63, subdivision 3; 123B.77, subdivision 4; 123B.79, subdivisions 6, 8, by adding a subdivision; 123B.81, subdivisions 2, 4, 7; 123B.83, subdivision 2; 123B.88, subdivision 12; 123B.90, subdivision 2; 123B.92, subdivisions 1, 3, 5; 124D.095, subdivisions 2, 3, 4, 7; 124D.10, subdivisions 4, 8, 23a, 24; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.13, subdivisions 1, 2, 11, by adding a subdivision; 124D.135, subdivisions 1, 3, 5; 124D.16, subdivision 2; 124D.175; 124D.34, subdivision 7; 124D.4531; 124D.454, subdivisions 2, 3; 124D.531, subdivisions 1, 4; 124D.55; 124D.56, subdivisions 1, 2, 3; 124D.59, subdivision 2; 124D.65, subdivisions 5, 11; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.13; 125A.14; 125A.39; 125A.42; 125A.44; 125A.45; 125A.63, by adding a subdivision; 125A.75, subdivisions 1, 4; 125A.76, subdivisions 1, 2, 4, 5, by adding a subdivision; 125A.79, subdivisions 1, 5, 6, 8; 125B.15; 126C.01, subdivision 9, by adding subdivisions; 126C.05, subdivisions 1, 8, 15; 126C.10, subdivisions 1, 2, 2a, 2b, 4, 13a, 18, 24, 34, by adding a subdivision; 126C.126; 126C.13, subdivision 4; 126C.15, subdivision 2; 126C.17, subdivisions 6, 9; 126C.21, subdivisions 3, 5; 126C.41, by adding a subdivision; 126C.44; 126C.48, subdivisions 2, 7; 127A.441; 127A.47, subdivisions 7, 8; 127A.48, by adding a subdivision; 127A.49, subdivisions 2, 3; 128D.11, subdivision 3; 134.31, by adding a subdivision; 134.34, subdivision 4; 134.355, subdivision 9; 169.01, subdivision 6, by adding a subdivision; 169.443, by adding a subdivision; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivisions 13, 20; 171.02, subdivisions 2, 2a; 171.321, subdivision 4; 205A.03, subdivision 1; 205A.05, subdivision 1; 205A.06, subdivision 1a; 273.029, by adding a subdivision; 273.11, subdivision 1a; 273.1393; 275.065, subdivisions 1, 1a, 3; 275.07, subdivision 2; 275.08, subdivision 1b; 276.04, subdivision 2; 517.08, subdivision 1c; Laws 2005. First Special Session chapter 5, article 1, sections 50, subdivision 2; 54, subdivisions 2, as amended, 4, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, sections 81, as amended; 84, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 10, as amended; article 3, section 18, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 4, section 25, subdivisions 2, as amended, 3, as amended; article 5, section 17, subdivision 3, as amended; article 7, section 20, subdivisions 2, as amended, 3; as amended, 4, as amended; article 8, section 8, subdivisions 2, as amended, 5, as amended; article 9, section 4, subdivision 2; Laws 2006, chapter 263, article 3, section 15; Laws 2006, chapter 282, article 2, section 28, subdivision 4; article 3, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 119A; 121A; 122A; 123B; 124D; 135A; repealing Minnesota Statutes 2006, sections 120B.233; 121A.23; 123A.22, subdivision 11; 123B.81, subdivision 8; 124D.06; 124D.081, subdivisions 1, 2, 3, 4, 5, 6, 9; 124D.454, subdivisions 4, 5, 6, 7; 124D.531, subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6; 125A.76, subdivision 3; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

The Senate has appointed as such committee:

Senators Stumpf; Wiger; Saltzman; Rummel and Olson, G.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1997, A bill for an act relating to government operations; appropriating money for the general legislative and administrative expenses of state government; raising fees; regulating state and local government operations; modifying provisions related to public employment; providing for automatic voter registration; abolishing the Department of Employee Relations; amending Minnesota Statutes 2006, sections 4.035, subdivision
The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Betzold, Rest, Larson, Kubly and Olseen.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Kahn moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1997. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1997:

Kahn, Hilty, Winkler, Solberg and Urdahl.

CALENDAR FOR THE DAY

Sertich moved that the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Brod moved that the names of Shimanski; Anderson, B., and Erickson be added as authors on H. F. No. 2344. The motion prevailed.

Davnie moved that the name of Kohls be added as an author on H. F. No. 2441. The motion prevailed.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 1:00 p.m., Monday, April 23, 2007. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Monday, April 23, 2007.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives