

HOUSE RESEARCH

Bill Summary

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Overview

Article 1 of this bill contains appropriations and rider language.

Article 2 contains policy language. This article includes increases in fees collected by the department of commerce, changes to the special assessment for dislocated worker programs, changes to the membership of the iron range resources and rehabilitation board, the transfer of the assets and liabilities of the world trade center corporation to the Minnesota trade office, and the school stability initiative.

Articles 3 through 5 relate to the regulation of health maintenance organizations (HMOs). Under current law, the department of health is the sole regulator of HMOs. These articles of the bill split regulation of HMOs between the department of health and the department of commerce. It also splits regulation of three other types of risk-bearing entities permitted under recent legislation, namely community integrated service networks (CISNs), health care cooperatives, and community purchasing arrangements. In general, the department of health retains responsibility for regulating the quality of care, while the department of commerce gets the responsibility for financial regulation and becomes the principal regulator. Most sections of these articles are technical conforming changes, changing references to the commissioner responsible for regulation.

Article 1

1 Economic development; appropriations. Fund summary.

2 Trade and economic development.

Subd. 1. Total appropriation.

Subd. 2. Business and community development.

For Minnesota investment fund grants.

For grants to Advantage Minnesota, Inc. This is a one-time appropriation and requires a one-to-one match.

For the job skills partnership program. A part of this appropriation each year is a one-time appropriation.

From the state's TANF block grant, for the pathways program. Provides that the legislature intends to reduce the base funding for the pathways program in the 2002-2003 biennium.

From fees collected by the public facilities authority, for administration of the authority's programs.

For wastewater infrastructure supplemental assistance grants. This is a one-time appropriation.

For community resources program allocations, for which Minneapolis and St. Paul are the only eligible cities.

For grants to the board of the rural policy and development center for operation of the center.

For grants to the metropolitan economic development association.

For grants to WomenVenture. This is a one-time appropriation.

For grants to the metropolitan economic development association.

For grants to the St. Paul rehabilitation center.

For a grant to the city of Windom to provide loans to assist an expanding business. This is a one-time appropriation.

For a grant to the Camp Heartland center for certain capital expenditures. This is a one-time appropriation.

For the contamination cleanup and development grant program.

For a grant to the city of Lake Benton for planning costs for a new visitor center. This is a one-time appropriation.

For microenterprise technical assistance.

For a grant to the Chatfield brass band music lending library.

For a grant to the Duluth Economic Development Authority for the purchase and installation of railroad ties to improve the Lake Superior Mississippi Railroad scenic railway.

For a grant to the city of Lanesboro for predevelopment costs for the Root River Regional Arts Center.

For grants to county and district agricultural societies by a competitive grant process.

Subd. 3. Minnesota Trade Office.

Subd. 4. Tourism. Provides that a part of the appropriation for marketing activities requires a nonstate match. Requires the commissioner to give priority to organizations with year-round activities, projects covering more than one area, and projects that attract nonresident travelers. Provides that unexpended funds must be placed in a special advertising account.

For the Minnesota film board. Requires a match of one dollar for every three dollars appropriated. A part of this appropriation is for grants to the film board for a jobs fund to reimburse film producers for a portion of the wages they pay to Minnesotans for film production.

For a grant to promote tourism in the Mille Lacs area. This is a one-time appropriation.

Subd. 5. Administration.

For enhancements to the journey travel destination system. One-time appropriation. Requires a one-to-one match.

Subd. 6. Information and analysis.

3 Minnesota Technology, Inc. Provides that the legislature intends to restore the base funding in the 2002-2003 biennium.

For grants to the Minnesota inventors congress.

For grants to the Minnesota cold weather research center. Requires a report on the sources and amounts of nonstate matching funds and the effectiveness of the center's programs in providing economic development benefits.

For grants to Minnesota Project Innovation. Provides that the legislature intends to reduce the base appropriation to \$200,000 in 2002 and eliminate the base appropriation in 2003.

4 Economic Security.

Subd. 1. Total appropriation.

Subd. 2. Rehabilitation services.

For centers for independent living. Provides that the commissioner is not required to allocate the appropriation equally among the centers.

From the state's TANF block grant, to provide welfare-to-work extended employment services to welfare recipients with severe impairments to employment. Limits administrative costs. This is a one-time appropriation.

For employment support services for persons with mental illness.

For a grant to the Minnesota employment center for deaf and hard-of-hearing people.

Beginning in fiscal year 2000, to increase the reimbursement rates for extended employment services by ten percent. This appropriation is added to the agency's base.

For a grant to Advocating Change Together, Inc. for training and empowerment of individuals with mental illness or other developmental disabilities. This is a one-time appropriation.

Subd. 3. State Services for the Blind.

To convert the communication center to digital technology and move the radio talking book program to a different frequency. This is a one-time appropriation that requires a one-to-one private match. The appropriation for the second year is not available until the commissioners of finance and economic security have reviewed the operation of the state services for the blind and addressed issues related to the budget deficiency.

Subd. 4. Workforce preparation.

From the workforce investment fund, for job training programs. Provides that there will be no further transfers from the workforce investment fund for this purpose after June 30, 2003.

For displaced homemaker programs. Requires the commissioner to develop a plan for a sliding scale fee structure for these programs.

To match available U.S. Department of Labor welfare-to-work funds.

For youth intervention programs.

For the Youthbuild program. Provides that Youthbuild programs qualify as approved training for the purposes of Department of Labor and Industry rules relating to child labor.

For youth violence prevention programs to match a federal block grant. This is a one-time appropriation.

Provides for a transfer from the dedicated workforce investment fund to the general fund.

Provides that no further transfers will occur after June 30, 2003.

Subd. 5. Workforce exchange. Requires the commissioner to develop a plan to reduce the number of line managers in workforce centers and to reduce the operating costs of the centers.

For asset preservation and facility repair.

From federal money appropriated under the Reed Act, for systems development for electronic communications with customers under the job service and reemployment insurance programs.

From federal money appropriated under the Reed Act, for systems development for electronic communications with employers under the reemployment insurance program.

5 Housing Finance Agency.

Subd. 1. Total appropriation.

Subd. 2. Rental assistance for the mentally ill. For a rental housing assistance program for persons who are mentally ill.

Subd. 3. Family homelessness prevention. A part of this appropriation for family homeless prevention and assistance is from the state's TANF block grant. States legislative intent with respect to future base funding.

Subd. 4. Foreclosure prevention program.

Subd. 5. Rental assistance for family stabilization. This appropriation is from the state's TANF block grant. States legislative intent with respect to future base funding.

Subd. 6. Housing trust fund. A part of this appropriation must be used for transitional housing.

Subd. 7. Affordable rental investment fund. This includes appropriations to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property as well as making equity take-out loans. Places conditions on the use of these funds, including an effort to finance an equal number of units in the metropolitan and non-metropolitan areas. A part of this appropriation is a one-time appropriation.

Subd. 8. Urban Indian housing program. Does not appropriate funds for this program. Provides that the legislature intends for the agency to use accumulated reserves to fund the program during the 2000-2001 biennium, and that the base will be restored in fiscal year 2002.

Subd. 9. Tribal Indian housing program.

Subd. 10. Rural and urban homesteading.

Subd. 11. Capacity building grants.

Subd. 12. Community rehabilitation program. A part of this appropriation in each year is one-time. The agency is encouraged to consider using some of these funds to support housing for families that will also be used for child care for underserved immigrant and refugee families. A part of this appropriation is for full-cycle home ownership and purchase-rehabilitation lending initiatives.

Subd. 13. Housing rehabilitation and accessibility program.

Subd. 14. Homeownership assistance fund.

Subd. 15. School stability demonstration. This is a one-time appropriation.

Subd. 16. Innovative and inclusionary housing demonstration projects.

For the community rehabilitation program, for at least three but not more than six affordable housing demonstration projects. Requires the commissioner to develop criteria on which to judge grant applications. This is a one-time appropriation.

Subd. 17. Homeownership counseling.

Subd. 18. Cancellations.

6 Commerce.

Subd. 1. Total appropriation.

Subd. 2. Financial examinations.

Subd. 3. Registration and insurance. A part of this appropriation is from the special revenue fund, and is not available unless House File 743, which relates to mortgage "flipping," is enacted. A part of the appropriation is for transfer to the department of health for its continuing role in the regulation of health maintenance organizations.

Subd. 4. Enforcement and licensing.

Subd. 5. Petroleum tank release cleanup board. Appropriated from the petroleum tank release cleanup fund.

Subd. 6. Administrative services. Parts of this appropriation are for technological improvements.

7 Board of accountancy.

8 Board of architecture, engineering, land surveying, landscape architecture, and interior design.

9 Board of barber examiners.

10 Board of boxing.

11 Labor and industry.

Subd. 1. Total appropriation.

Subd. 2. Workers' compensation. This appropriation is from the workers' compensation fund.

Subd. 3. Workplace services.

Subd. 4. General support.

12 Bureau of mediation services.

13 Workers' compensation court of appeals. This appropriation is from the workers' compensation fund.

14 Public utilities commission.

15 Department of public service.

Subd. 1. Total appropriation.

Subd. 2. Telecommunications.

Subd. 3. Weights and measures.

Subd. 4. Information and operations management.

Subd. 5. Energy. A part of this appropriation is for transfer to the energy and conservation account for programs to improve the energy efficiency of residential oil-fired heating plants in low-income households and to provide weatherization services.

16 Minnesota historical society.

Subd. 1. Total appropriation.

Subd. 2. Education and outreach.

Subd. 3. Preservation and access.

Subd. 4. Information program delivery.

Subd. 5. Fiscal agent.

(a) Sibley House Association.

(b) Minnesota International Center.

(c) Minnesota Air National Guard Museum.

(d) Institute for Learning and Teaching - Project 120.

(e) Minnesota Military Museum.

(f) Farmamerica.

(g) Winona County Historical Society. This is a one-time appropriation.

(h) Balances forward. Provides that any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year.

17 Minnesota municipal board.

18 Council on Black Minnesotans. A part of this appropriation is for Dr. Martin Luther King Day activities.

19 Council on Chicano-Latino affairs.

20 Council on Asian-Pacific Minnesotans.

21 Indian affairs council.

22 Office of strategic and long-range planning. To assume responsibilities resulting from the sunset of the municipal board.

Article 2

1 Fees. This section eliminates certain transaction fees paid to the commissioner of commerce.

2- Fees. These sections increase fees paid to the commissioner of commerce. Also, section 12 provides for a refund to those who pay certain fees related to securities if the collection of those fees reaches a certain amount. Fees increased include:

licensing fees for currency exchanges (sections 2 and 3), risk management vendors and insurance plan administrators (section 5), reinsurance intermediary-brokers and intermediary-managers (section 6), insurance agents (section 7), rate service organizations (section 9), insurance adjusters (section 10), and membership camping contract salespeople and brokers (sections 13 and 14);

filing fees for insurance companies (section 4);

application and renewal fees for automobile self-insurance (section 8); and

registration fees for employee leasing firms (section 11).

16 Loan criteria. Increases the maximum loan that may be made under the challenge grant program from \$100,000 to \$200,000.

17 Duties. Adds research to the duties of the rural policy and development center.

18 Used appropriation. Provides that the rural policy and development center board may expend appropriated amounts to operate the center and perform its duties.

19 Board compensation and other funds. Provides that compensation of board members is as generally provided by statute for most boards.

20 Office of tourism; activities. Modifies the provisions governing the office of tourism's expenditures for marketing and other purposes.

21 Technical assistance; loan administration. Clarifies the definition of eligible recipients for microbusiness loans.

22 Grant eligibility and allocation. Provides that an application by a nonprofit organization for a grant to provide microbusiness loans must state how many eligible businesses are to be assisted with the grant requested.

23 World trade center.

Subd. 1. Definitions. Defines terms related to the world trade center.

Subd. 2. Generally. Provides that the commissioner shall support Minnesota world trade center programs and promote the world trade center.

Subd. 3. Powers. Outlines powers of the commissioner related to the world trade center, including

providing services, accepting gifts and grants, setting and collecting fees, adopting membership requirements, acquiring and disposing of property, and entering into contracts.

Subd. 4. Duties. Outlines duties of the commissioner related to the world trade center. These include promoting the center, sponsoring conferences and programs, and avoiding duplication of programs provided by the department of agriculture.

Subd. 5. Promotional expenses. Allows the commissioner to spend money to carry out this section.

Subd. 6. World trade center account. Provides that the world trade center account is in the special revenue fund. Provides that revenue received by the commissioner in connection with use of the center must be deposited in the account. Appropriates the money in the account to the commissioner for the purposes of the world trade center.

Subd. 7. Service information; classification of data. Provides that service information, including data bases, purchased by the commissioner for sale pursuant to this section, is not subject to the data practices act. Defines certain business and financial data collected by the commissioner as private data on individuals and nonpublic data not on individuals.

Subd. 8. Use of conference and service center. Provides that the commissioner is to operate or provide for the operation of the conference and service center. Outlines uses for the center.

- 24 **Terms.** Provides that compensation for the job skills partnership board is as provided in the statutes generally dealing with compensation of board members.
- 25 **Pathways program.** Eliminates reference to administrators of the Job Training Partnership Act. This federal statute is being replaced by the Workforce Investment Act. Increases the limit on the size of a grant to any particular institution.
- 26 **Loan terms.** Increases the maximum term of loans that may be made to employers by the job skills partnership board from two years to five years.
- 27 **Powers and duties; commissioner of the department of labor and industry.** Allows the commissioner to apply for, receive, and spend money received from government and private sources, as well as apply for, accept, and disburse grants.
- 28 **Application fee.** Increases fees to be paid by applicants to self-insure for workers' compensation liability.
- 29 **Apprenticeship registration account in special revenue fund.** Establishes this account in the special revenue fund. Provides that a registration fee of \$130 will be charged to each sponsor for each apprentice in the program, and that these fees are appropriated for the purposes of the apprenticeship program.
- 30 **Payment for investigation.** This section relates to investigations by the public utilities commission. The commission is generally permitted to assess the costs of the proceeding against parties. This section exempts political subdivisions of the state that are participating in rulemaking proceedings or appearing pursuant to certain right-of-way complaints from these assessments.
- 31 **Special assessment.** Current law provides for a special assessment of 0.1 percent of taxable wages to be collected along with reemployment insurance taxes and used to fund dislocated worker programs. There is also a trigger that drops the assessment to .05 percent if the fund balance is higher than \$30,000,000. This section reduces that assessment to .07 percent of taxable wages, with a trigger to drop it to .03 percent if the fund is at more than \$20,000. The section also creates new exemptions from the assessment for certain new employers and employers who have a zero experience rating. The commissioner can, however, waive these exemptions if unemployment increases.
- 32 **Cost limitations.** Removes an existing requirement that each dislocated worker program spend

between ten and thirty percent of its funds on support services, replacing it with an upper limit of five percent.

33 Iron range resources and rehabilitation board. This section changes the composition of the iron range resources and rehabilitation board. Currently, the board consists of 11 members, including five state senators and five state representatives, as well as the commissioner of natural resources. This section replaces the ten legislators with ten members appointed by the governor. Further, it provides that no more than six of the members may support the same political party. The section also provides that all appointed members of the board must be from taconite tax relief areas.

34 Procedure. Removes the rulemaking authority for the board of electricity to set inspection fees. These fees are set in statute in subsequent sections.

35 Fee schedule. Establishes state electrical inspection fees.

36 Licensing fee. Increases the licensing fee for residential building contractors.

37 Funding level. Eliminates general provision stating that a municipality with an annual median household income of at least \$40,000 is not eligible for wastewater infrastructure funding grants.

38 Which money in fund. This section eliminates the administrative cost ceiling on the expenditures of the housing finance agency. In section 31, the agency is required to report on these costs.

39 Operating costs report. Requires the housing finance agency to prepare a report on its operating costs by February 15 of each year.

40 School stability demonstration.

Authorizes the Minnesota housing finance agency together with the interagency task force on homelessness to establish a demonstration project under the family homelessness prevention and assistance program for the purpose of securing stable housing for families with school-age children and unaccompanied youth. Defines unaccompanied youth as minors leaving foster care of correction facilities, or who meet the statutory definition of a "child in need of services or protection."

Requires the agency to target demonstration projects to communities with schools experiencing high student mobility.

Requires demonstration projects in turn to target families with children under age 12 who have changed homes or school at least once in the last 12 months or who have been absent from school at least 15 percent of the school year and who are at a high risk of homelessness, as well as unaccompanied youth in need of alternative residential settings. Requires demonstration projects to connect families with social services designed to keep families in their current homes and with job training programs. Allows demonstration projects to provide rental assistance to a family for over 24 months provided the family has applied for section 8 assistance.

Allows grants under the demonstration project to be used to acquire, rehabilitate, or construct transitional or permanent housing.

Requires grantees under the demonstration project to include representatives from the local school district and the local community correction agencies on its advisory board.

Beginning in 2001, requires grantees to report annually to the state interagency task force on homelessness. Outlines the substance of the reports.

41 Homeownership assistance. This section incorporates home equity conversion loan counseling for seniors (currently a separate program) into the existing full cycle home ownership services program.

42 Full cycle homeownership services. Provides that the housing finance agency may spend money for the full cycle homeownership services program and may pay the costs and expenses of the program.

- 43 Accountability measures.** Provides that the commissioner of economic security must adopt accountability measures that will ensure that the money from the workforce investment fund is used for the purposes of the program. Requires the commissioner to report to the legislature on the measures by October 1, 1999, and to implement the measures by November 1, 1999.
- 44 Grant requirements waived.** Provides that a grant to Grant county for community infrastructure improvements is not subject to a maximum grant limitations or agency policy regarding maximum grant per job created.
- 45 Report to legislature.** Requires the housing finance agency to report to the legislature by February 1, 2001, on certain housing issues for persons with HIV and AIDS.
- 46 Principles established.** Provides a set of criteria to be used by the commissioner of trade and economic development in considering state investments to aid Minnesota's mining industry.
- 47 Membership agreement.** Provides for the transfer of the membership of the Minnesota world trade center corporation in the world trade centers association to the Minnesota trade office.
- 48 Transfers.** Transfers the rights and obligations of the world trade center corporation to the Minnesota trade office. Appropriates the world trade center corporation's property to the commissioner of trade and economic development.
- 49 Transfer of positions and employees.** Transfers positions and employees of the world trade center corporation to the department of trade and economic development as of July 1, 1999. Provides for various details of the transfer, including classification of positions, status of those transferred, and allocation of positions.
- 50 Spending approved.** Approves certain spending of which review was requested in February of 1999.
- 51 Repealer.** Repeals statutory sections establishing and governing the labor interpretive center, the world trade center corporation, the boxing board, and most enterprise zones.
- 52 Effective dates.** Section 44 is effective the day following final enactment. The transfer of the assets of the world trade center is effective June 30, 1999. The other repealers relating to the world trade center are effective July 1, 1999. The repealers relating to the labor interpretive center and enterprise zones are effective July 1, 1999. The repealers relating to the boxing board are effective June 30, 2000. The repeal of the labor interpretive center's appropriation is effective the day following final enactment.

Article 3

- 1 State policy.** Conforming change.
- 2 Commissioner.** Changes definition of "commissioner." This is the operative change in this article, giving some regulatory authority over health maintenance organizations (HMOs) to the commissioner of commerce.
- 3 Quality of care.** Adds a definition of this term, for purposes of specifying the authority of the commissioner of health.
- 4-6** Conforming and technical changes.
- 7-8** Splits authority to determine issues involving whether to license an HMO.
- 9** Conforming changes.
- 10 Continued compliance.** Gives commissioner of health authority to make the initial determination of continuing compliance with quality of care requirements.
- 11-** Conforming changes.
- 15**
- 16** Requires notice to commissioner of health of proposed changes in health-related documents

previously approved.

- 17 Requires HMOs to file an annual report with both commissioners.
- 18 Conforming change.
- 19 Requires filing annual report with both commissioners. Adds a reference to chapter 45.
- 20 Add reference to chapter 45, which is the commerce department's general enforcement provisions.
- 21- Conforming changes.
- 23
- 24 **Expedited resolution of complaints.** Permits either commissioner to require HMOs to use an expedited review for complaints about denials of urgently-needed care.
- 25 Permits either commissioner to have access to an HMO's own records of complaints.
- 26 Conforming change.
- 27 **Referral to commissioner of health.** Requires commissioner of commerce to determine whether a complaint relates primarily to quality of care and, if so, to refer it to the commissioner of health. Specifies enforcement authority for commissioner of health.
- 28- Conforming and technical changes.
- 31
- 32 **Geographic accessibility.** Gives the commissioner of health authority to ensure that HMOs provide adequate geographic accessibility to care.
- 33 Conforming change.
- 34 Provides that the commissioner of commerce may arrange for the commissioner of health to inspect or evaluate quality of services provided by HMOs.
- 35 Permits either commissioner to access patient data if necessary.
- 36 Gives both commissioners investigatory powers under this chapter.
- 37- Conforming changes.
- 41
- 42 Requires the commissioner of commerce, when disciplining HMOs, to consider any recommendations made by the commissioner of health.
- 43 Conforming change.
- 44 Conforming and technical changes. Eliminates enforcement language that conflicts with chapter 45.
- 45- Conforming changes.
- 51
- 52 Provides roles for both commissioners in coordinating with Medicare.
- 53 Conforming change.
- 54 **Authority to contract.** Permits the commissioner of commerce to contract with the commissioner of health for advice.
- 55- Conforming changes.
- 56
- 57 **Report; uniform regulation of health plan companies.** Requires both commissioners to study and report to the legislature on consistent regulation of all health plan companies and similar risk-bearing entities, regardless of type.
- 58 **Effect of transfer of responsibility.** Provides that the standard statute governing transfer of responsibilities from one department to another applies to this act.
- 59 **Repealer.** Repeals a section involving procedures for rehabilitation or liquidation of insolvent HMOs. That section is no longer needed, since this bill makes HMOs subject to the standard

chapter 60B procedures for insolvent insurers.

60 Effective date. Makes this article effective July 1, 2000.

Article 4

1 Commissioner. Provides that regulation of community integrated service networks (CISNs) will be split between the two commissioners.

2-3 Conforming changes.

4 Commissioner. Provides that regulation of health care cooperatives regulated under chapter 62R will be split between the two commissioners.

5 Conforming change.

6 Commissioner. Provides that regulation of community purchasing arrangements regulated under chapter 62T will be split between the two commissioners.

7 Effective date. Makes this article effective July 1, 2000, except that section 57 is effective immediately.

Article 5

This article makes changes in other chapters of statutes to conform to articles 3 and 4 of this bill.