

House Research Act Summary

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Article 1: Appropriations

Kathy Novak

- 1 **Appropriation summary.** Summarizes the general fund appropriations in this act, by topic area. Total appropriations for fiscal years 2006 and 2007 are \$208.1 million, with cancellations of \$250,000 and transfers in of \$2.9 million. [\$1,042,000 of appropriations VETOED.]

Article 2: Early Childhood Education

Danyell Punelli LeMire, Lisa Larson, Tim Strom

1 **Early education appropriations.**

Subd. 1. Early education appropriations. Describes the format of early education program appropriations contained in this article and appropriates the amounts shown for each listed program.

Subd. 2. Department of human services; basic sliding fee waiting list.

- Appropriates money for eligible families on the basic sliding fee waiting list as of July 1, 2006.
- Increases the general fund base for basic sliding fee child care assistance grants in fiscal years 2008 and 2009.
- Appropriates money for the state share of systems costs to implement the provider rate differential for accreditation.
- Allows counties to use up to 6 percent of either calendar year 2008 or 2009 basic sliding fee child care allocations to fund accelerated payments that may occur during the preceding calendar year during the conversion to the automated child care assistance program system. Allows counties to use up to 3 percent of the combined calendar year allocations to fund accelerated payments if the conversion occurs over two calendar years. Makes this paragraph sunset December 31, 2009.
- Allocates increased child care funds from the federal Deficit Reduction Act of 2005 to the basic sliding fee program.

1 **Subsidy restrictions.** Amends § 119B.13, subd. 1. Modifies child care provider maximum reimbursement rates by providing a 6 percent increase in rates beginning July 1, 2006.

2 **Provider rate differential for accreditation.** Amends § 119B.13, by adding subd. 3a. Establishes a child care provider rate differential of 15 percent for child care providers who are accredited by certain national organizations or who meet specified educational requirements. Makes this section effective July 1, 2006.

3 **Absent days.** Amends § 119B.13, subd. 7. Paragraph (a) modifies the absent day limitation by clarifying that providers may not be reimbursed for more than 25 full-day absent days per child, or for more than 10 consecutive full-day absent days. Adds language clarifying that if a child attends for part of the time authorized to be in care in a day, but is

absent for part of the authorized time in that same day, the absent time will be reimbursed but the time will not count toward the 10 consecutive or 25 cumulative absent day limits. Specifies that if a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day. Specifies that child care providers may only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

Paragraph (b) requires that child care providers be reimbursed for up to 10 federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Allows parents to substitute other cultural or religious holidays for the 10 recognized state and federal holidays. Specifies that holidays do not count toward the 10 consecutive or 25 cumulative absent day limits.

Paragraph (c) prohibits families or child care providers from being assessed an overpayment for an absent day payment unless certain circumstances exist.

Paragraph (d) requires that the provider and family receive notification of the number of absent days used upon initial provider authorization for a family and when the family has used 15 cumulative absent days. Requires that the provider and family receive ongoing notification of the number of absent days used as of the date of notification upon statewide implementation of MEC2.

Makes this section effective July 1, 2006.

- 4 **Developmental screening aid.** Establishes state developmental screening aid as: (1) \$50 for each three-year old screened; (2) \$40 for each four-year old screened; (3) \$30 for each five or six-year old screened before entering kindergarten; and (4) \$30 for students screened within 30 days of enrolling in kindergarten. Prohibits payment of screening aid for students who are screened more than 30 days after first enrolling in public kindergarten except if the student transfers within 30 days of first enrolling in kindergarten.
- 5 **Educate parents partnership.** Allows the education commissioner to work with health care providers and community organizations to provide parent information to parents of newborns. Allows the commissioner to develop a resource Web site for information and links to early childhood resources.
- 6 **ECFE revenue.** Increases the revenue for the Early Childhood Family Education program for fiscal years 2007 and later by increasing the revenue allowance from \$104 to \$112 times the number of people under the age of five residing in the school district.
- 7 **Kindergarten Readiness assessment.** Allows the education commissioner to implement a kindergarten readiness assessment of incoming kindergarteners. Requires the assessment to be based on Minnesota Department of Education's Kindergarten Readiness Assessments.
- 8 **Minnesota Early Learning Foundation (MELF).** Directs the education commissioner to make a grant to MELF. Directs MELF to evaluate the effectiveness of the voluntary North Star Quality Improvement and Rating System and report to the legislature by January 15, 2008. [Grant appropriation **VETOED**.]
- 9 **First prior year program.** Amends the definition of "first prior program year" to align the reporting year and academic year under the adult basic education program.
- 10 **Program requirements.** Requires a state-approved adult basic education program that offers high school credit toward an adult high school diploma to count and submit student contact hours according to the student eligibility and competency demonstration requirements established by the commissioner.
- 11 **State total adult basic education aid.** Increases the state total adult basic education aid by

3 percent per year beginning in fiscal year 2007.

12 **Early intervention system.** Strikes a list of examples of early intervention system services.

13 **Eligibility for part C.** Strikes a reference to a rule.

14 **Interagency child find systems.** Requires interagency groups to use rigorous standards when engaged in child find system activities that include finding and referring children under three who are abused or neglected or affected by withdrawal symptoms resulting from prenatal drug exposure in order to reduce their need for future services.

15 **Part C state plan.** Strikes a reference to a federal law citation.

16 **State lead agency.** Strikes a reference to a federal law citation and defines “state lead agency” as the agency receiving federal funds to provide early intervention services.

17 **State interagency coordinating council.** Changes the federal law reference and includes on the council a representative from the state agency responsible for foster care, mental health, and education coordinator of homeless children and youth.

18 **Responsibilities of county boards and school boards.** Requires county boards and school boards to provide and fund services, consistent with an IFSP, for eligible infants and toddlers through age two and their families, including American Indian infants and toddlers and their families residing on a Minnesota reservation, homeless infants and toddlers with disabilities and their families, and infants and toddlers with disabilities who are wards of the state.

19 **Interagency early intervention committees.** Directs interagency early intervention committees, among other initiatives, to work to: (1) make potential recipient families aware of available services, particularly parents with premature infants or infants experiencing other risk factors implicating learning or development complications; and (2) refer children under three who are abused or affected by illegal substance abuse or withdrawal symptoms resulting from prenatal drug exposure and their families with premature infants or infants experiencing other risk factors implicating learning or development complications in order to reduce their need for future services. Strikes language directing interagency early intervention committees to encourage agencies to develop IFSPs for eligible children age three and older.

20 **Individualized family service plan.** Requires a service coordinator who is a member of an IFSP team to coordinate the IFSP, including transition services, with other agencies. Requires the IFSP to include, among other components, developmentally appropriate preliteracy and language skills for the child, early intervention services based on peer-reviewed research, and a timely transition conference before the child is eligible for preschool services. Amends a federal law reference.

21 **Service coordination.** Requires the IFSP service coordinator to help develop a transition plan not more than nine months before the child is eligible for preschool services.

22 **State interagency agreement.** Requires the state interagency agreement, among other goals, to ensure the meaningful involvement of underserved groups, including children with disabilities from minority, low-income, homeless and rural families and children with disabilities who are wards of the state. Amends a federal law reference.

23 **ECFE aid.** Increases the fiscal year 2007 appropriation for the early childhood family education program by \$2,680,000 to pay for the higher ECFE formula amounts. Adjusts the appropriation for forecast changes and changes in the aid payment schedule.

Makes this section effective immediately.

24 **Health and developmental screening aid.** Appropriates \$89,000 in fiscal year 2006 and \$54,000 in fiscal year 2007 in additional childhood screening aid to cover the costs of screening children who have already entered kindergarten. Adjusts the appropriation for forecast changes and changes in the aid payment schedule.

Makes this section effective immediately.

- 25 Adult literacy grants for recent immigrants to Minnesota.** Establishes an adult literacy grant program for recent Minnesota immigrants in fiscal years 2007 and 2008 only to meet English language needs. Directs the education commissioner to consult with ABE providers. Directs the commissioner to award grants to organizations providing adult literacy services. Directs the education commissioner to establish a reimbursement grant program to fund intensive ESL programs for adult refugees who are not sufficiently literate to be employed and self-sufficient. Allows ABE programs, school districts, postsecondary institutions and nonprofit or community-based organizations or other private organizations with experience in providing ESL instruction to immigrants and refugees eligible to apply to the commissioner for grant funding. Requires grant applicants to document their relevant experience, describe their fiscal accounting systems and reporting capacity, limit administrative expenditures to five percent of budget and describe proposed instructional services and training plans. Funds programs on a reimbursement basis.

26 Legislative commission to end poverty in Minnesota by 2020.

Subd. 1. Membership. Establishes the membership of the Legislative Commission to End Poverty in Minnesota by 2020. Membership includes 9 members of the Senate and 9 members of the House of Representatives. Requires appointments to be made by members elected to the 85th session of the legislature and no later than February 15, 2007. Allows the governor to appoint two nonvoting members to sit with the commission.

Subd. 2. Guiding principles. Lists the guiding principles the commission must follow in preparing recommendations on how to end poverty in Minnesota by 2020. Guiding principles include:

- a consistent and persistent approach that includes participation of people of faith, nonprofit agencies, government, and business;
- providing all people with those things that protect human dignity and make for a healthy life, including adequate food and shelter, meaningful work, safe communities, health care, and education; and
- recognizing alliances are needed between the faith community, nonprofit agencies, government, business, and others with a commitment to overcoming poverty.

Subd. 3. Report. Requires the commission to report its recommendations on how to end poverty in Minnesota by 2020 to the legislature by December 15, 2008.

Subd. 4. Expiration. Makes the commission expire on December 31, 2008.

- 27 Appropriations.** Appropriates to the listed programs the following amounts in fiscal year 2007:

- \$80,000—education parents partnership;
- \$287,00—kindergarten entrance assessment initiative and intervention programs;
- \$400,000—expansion of early childhood Part C services;
- \$1,250,000—adult literacy grants for recent immigrants;

- \$1,000,000—Minnesota Early Learning Foundation for the North Star Quality Improvement and Rating System [VETOED];
- \$250,000—Legislative coordinating commission for the Legislative commission to end poverty by 2020.

Article 3: General Education

Overview

Makes changes to general education programs.

Lisa Larson, Tim Strom

- 1 Alternative teacher compensation revenue guarantee.** Extends from fiscal year 2007 to fiscal year 2009 the guarantee of alternative teacher compensation revenue for school districts that had already qualified for alternative teacher compensation aid.
- 2 General education aid.** Adjusts the general education revenue aid appropriation for forecast adjustments, changes in the aid payment percentage and for slight modifications to the alternative teacher compensation program.
- 3 Onetime energy assistance aid.** Provides school districts and charter schools with an additional aid of \$3.67 per adjusted marginal cost pupil unit for fiscal year 2006 only. Limits the use of the aid for heating, fuel or other energy costs. Requires the aid to be paid in fiscal year 2006 on an estimated aid basis. Makes a general education aid adjustment for any variation in aid occurring due to changes in pupil data.
- 4 Appropriation.** Appropriates \$3,495,00 in fiscal year 2007 from the general fund to the commissioner of education for payment of one-time energy assistance aid to school districts under section 3.

Article 4: Education Excellence

Overview

Establish and expand programs to foster academic achievement.

Lisa Larson, Tim Strom

- 1 Raised academic achievement; advanced placement.**

Subd. 1. Establishment; eligibility. Establishes a program to improve K-12 academic achievement through increased student participation in advanced placement and pre-advanced placement programs. Requires eligible schools and charter schools to (1) have a school board-approved three-year plan to create a new program or expand an existing advanced placement program and (2) propose to further raise students' academic achievement by: (i) increasing the availability and students' access to advanced placement courses or programs; (ii) expanding the breadth of advanced placement courses or programs available to students; (iii) increasing the number and diversity of students who participate in advanced placement courses or programs and succeed; (iv) providing low income and other disadvantaged students

with increased access to advanced placement courses or programs; or (v) increasing the number of students who receive college credit by successfully completing advanced placement courses or programs and achieving satisfactory scores on related exams.

Subd. 2. Application and review process; funding priority. (a) Allows eligible school districts and charter schools to submit an application to the education commissioner for competitive grant funding that details the applicant's specific efforts in raising students' achievement, consistent with this section, and includes a proposed budget. Requires the budget to show that the applicant's efforts will supplement but not supplant current advanced placement expenditures. Limits administrative costs to five percent. Allows the commissioner to require additional information.

(b) Directs the commissioner to determine whether the applicant satisfied the requirements in subdivisions 1 and 2. Allows the commissioner to give funding priority to an otherwise qualified applicant that demonstrates: (1) a focus on developing or expanding advanced placement courses or programs or increasing all students' participation in and success with such courses and programs; (2) a compelling need for access to advanced placement courses or programs; (3) an effective ability to involve community-based organizations in student activities that are integral to advanced placement courses or programs; (4) access to additional funding sources; or (5) an intent to implement activities that target low-income and other disadvantaged students.

Subd. 3. Funding; permissible funding uses. (a) Directs the commissioner to award grants to applicants that meet the requirements of subdivisions 1 and 2 and to distribute the awards on an equitable geographic basis to the extent feasible. Limits grant award amounts to the lesser of: (1) \$85 times the number of enrolled pupils on October 1 of the previous fiscal year; or (2) the approved supplemental expenditures in the applicant's proposed budget. Calculates the maximum grant award for charter schools by using the number of enrolled pupils on October 1 of the current fiscal year. Allows the commissioner to adjust the maximum grant award amount based on certain circumstances.

(b) Requires successful grant applicants to use the grant award to: (1) provide teacher training and instruction; (2) further develop advanced placement courses or programs; (3) improve the transition between grade levels to better prepare students for succeeding in advanced placement courses or programs; (4) purchase books and supplies; (5) pay course or program application fees; (6) increase students' participation in and success with advanced placement courses or programs; (7) expand students' access through on-line learning options; (8) hire appropriately licensed personnel to teach additional courses or programs; or (9) engage in other related activity.

Subd. 4. Annual reports. (a) Directs grant recipients to annually collect and report to the commissioner student demographic data that show the extent of students' increased academic achievement. Directs the commissioner annually by February 15 to report summary data to the legislature.

(b) Directs grant recipients to annually report to the commissioner, consistent with UFARS standards, their expenditures and demonstrate that they maintained their effort from other sources for advanced placement courses and programs and expended all grant funds consistent with their approved budget.

Makes this section immediately effective and applicable to the 2006-2007 school year and later.

- 1 **Alternative teacher compensation revenue for Perpich Center for Arts Education and multidistrict integration collaboratives.** Allows education programs run by multidistrict integration collaboratives and the Perpich Center for Arts Education to receive alternative teacher compensation revenue as if they were intermediate school districts if certain conditions are satisfied.

Makes this section effective for revenue for fiscal year 2007.

- 2 **Wages; how often paid.** Exempts nonpublic schools from having to make timely payment of wages under PELRA and instead allows nonpublic schools to pay make wage payments according to the terms of an applicable contract, collective bargaining agreement or personnel policy.
- 3 **Chinese language programs; curriculum development project.**

Subd. 1. Project parameters. (a) Allows the education commissioner to contract with a qualified entity to undertake developing an articulated K-12 Chinese language curriculum for Minnesota schools that involves creating a network of Chinese language teachers and educators and coordinating statewide efforts to develop and expand Chinese language instruction.

(b) Requires the contractor to ensure the professional development of Chinese language curricula, materials, assessments and best practices that accommodate different levels of student ability and types of programs.

(c) Requires the teacher network and the contractor to develop and make equitably available to Minnesota schools and students the curricula, materials, assessments and best practices.

Subd. 2. Project participants. Requires the contractor to conduct an inventory of Chinese language curricula, materials, assessments and best practices currently used in Minnesota or other states, develop Chinese language curricula and benchmarks aligned to local world language standards and classroom-based assessments, and review and recommend how to build an education infrastructure to provide more students with Chinese language instruction.

Makes this section effective immediately.

- 4 **Northwestern Online College in the High School Program.** Authorizes \$50,000 in state funding in fiscal year 2007 only for the Northwestern Online College in the High School program.
- 5 **Character development education revenue; pilot program.**

Subd. 1. Pilot program created. Creates a pilot program that allows school districts to receive character development education revenue equal to \$30 times a school district's adjusted marginal cost pupil units in order to purchase curriculum for character education instruction.

Subd. 2. Approved provider list. Directs the education commissioner to maintain a list of approved character development education curriculum providers. Requires approved providers to be researched based and having at least one completed five-year relational study by an independent party. Requires approved curriculum to include: age appropriate character development for K-12 classrooms; curriculum for extracurricular activities; staff development; plans for school

assemblies; midyear consulting between the school district and the provider; and an assessment program.

Subd. 3. Application and selection process. Allows interested school districts to apply to the education commissioner for funding. Directs the commissioner to approve applications that conform to this proposal within 30 days on a first-come, first-served basis.

Makes this section effective immediately.

- 6 **Appropriations.** Appropriates \$50,000 for the Northwestern Online College in the High School Program under section 5; \$250,000 for the Chinese language initiative under section 4; \$1,000,000 for the additional funds for advanced placement; \$1,500,000 for character education under section 6; \$25,000 for the scholars of distinction program; and \$500,000 for a contract for students to participate in the TIMMS study contingent on the receipt of at least \$150,000 in private gifts to support the study by July 1, 2006.

Article 5: Facilities, Accounting, and Technology

Overview

Makes changes to school district accounting procedures.

Lisa Larson, Tim Strom

- 1 **Uses of health and safety revenue.** Allows school district to include in their health and safety revenue testing and calibration activities for mechanical ventilation systems. Limits reimbursement for these activities to no more than once every five years.
- 2 **Debt service equalization aid appropriations.** Adjusts the debt service equalization aid line item appropriation for forecast adjustments and changes in the aid payment percentage.
- 3 **Red Lake school district emergency aid.** Increases the fiscal year appropriation to \$524,000 for independent school district No. 38, Red Lake to repair infrastructure damage resulting from the 2005 school shooting. The district must submit expenditure information to the Department of Education before funds are released.
- 4 **Waseca School District; health and safety adjustment.** Appropriates \$316,000 in fiscal year 2007 from the general fund to the commissioner of education for payment of additional health and safety revenue to independent school district No. 829, Waseca to correct an error in the health and safety revenue computation for the district. Authorizes the Waseca school district to levy a total of \$344,000 over a five-year period to correct the levy share of the calculation error.
- 5 **Appropriation; Rocori school district.** Appropriates \$137,000 in fiscal year 2007 from the general fund to the commissioner of education for a grant to Independent School District No. 750, Rocori for the district's recovery efforts. Includes a base budget amount of \$53,000 for fiscal year 2008 only.
- 6 **Fund Transfers.**

Subd. 1. A.C.G.C.. Authorizes Independent School District No. 2396, A.C.G.C., to transfer up to \$203,000 from its reserved account for disability access to its unrestricted general fund.

Subd. 2. Alden Conger. Authorizes Independent School District No. 242, Alden-Conger, to transfer up to \$127,000 from its reserved account for disability

access to its unrestricted general fund.

Subd. 3. Fosston. Authorizes Independent School District No. 601, Fosston, to transfer up to \$80,000 from its reserved account for disability access to its unrestricted general fund.

Subd. 4. Hopkins. Authorizes Independent School District No. 270, Hopkins, to transfer up to \$300,000 from its community education reserved fund to its unrestricted general fund.

Subd. 5. Lester Prairie. Authorizes Independent School District No. 424, Lester Prairie, to transfer up to \$150,000 from its reserved capital account to its unrestricted general fund and \$107,000 from its reserved for severance account to its undesignated general fund balance.

Subd. 6. Milroy. Authorizes Independent School District No. 635, Milroy, to transfer up to \$26,000 from its reserved account for disability access to its unrestricted general fund without making a levy reduction.

Subd. 7. Northland Community Schools. Authorizes Independent School District No. 118, Northland Community Schools, to transfer up to \$197,000 from its reserved account for disability access to its reserved for operating capital account in its general fund.

Subd. 5. Tyler. Authorizes Independent School District No. 409, Tyler, to transfer up to \$451,000 from its reserved capital account in the general fund to its debt redemption fund. Makes the fund transfer contingent on the commissioner of education's determination that the fund transfer is in the best interest of the soon-to-be-consolidated Russell-Tyler-Ruthton school district.

- 7 **Belle Plaine health and safety revenue.** Authorizes Independent School District No. 716, Belle Plaine, to use up to \$125,000 of its alternative facilities bond revenue for otherwise qualifying health and safety projects.

Article 6: Nutrition

Overview

Provides an additional one-half cent of funding for each school lunch served to a student.

Lisa Larson, Tim Strom

- 1 **School lunch aid computation.** Increases the school lunch aid paid by the state for each school lunch served to a student from 10 cents to 10.5 cents for fiscal year 2007 and later.
- 2 **School lunch.** Adjusts the school lunch aid appropriations for forecast changes and increases the appropriation for school lunch aid for FY 2007 by the \$495,000 to pay for the half-cent higher reimbursement.

Article 7: Forecast Adjustments

Overview

Lisa Larson, Tim Strom

An appropriations deficiency occurs when the appropriation in law is smaller than the amount necessary to fully fund the program. An appropriations surplus occurs when the appropriation in law is greater than the estimated amount necessary for the program. For the last several years, the legislature and the executive branch have operated under a series of budget principles that require the legislature to fully fund programs and for the executive branch to reflect the full cost of these programs in the forecasts.

This article makes corrections to K-12 appropriations for fiscal years 2006 and 2007 where the line item appropriation was different from the amounts needed to fully fund the state aid programs. These appropriations changes are already included in the February 2006 Forecast of base expenditures.

Education appropriations in this article are amended both to reflect forecast adjustments and to reflect the higher aid payments that are required by the repayment of the school accounting shifts. The K-12 adjustments in this bill are necessary to match the February 2006 forecast amounts and affect the following programs:

1. referendum tax base replacement aid;
2. abatement aid;
3. consolidation transition aid;
4. nonpublic pupil aid;
5. nonpublic pupil transportation aid;
6. charter school building lease aid;
7. charter school startup aid;
8. integration aid;
9. interdistrict desegregation transportation aid;
10. success for the future aid;
11. aid for tribal contract schools;
12. regular special education aid;
13. aid for children with disabilities;
 1. travel for home-based services;
 2. special education excess cost aid;
 1. aid for the transition of disabled students;
 2. court-placed special education aid;
 3. health and safety aid;
 4. alternative facilities bonding aid;
 5. school breakfast and kindergarten milk aid;
 6. library basic support aid;
 7. multicounty, multitype library aid;
 1. regional library telecommunications aid;
 2. school readiness aid;
 3. community education aid;
 4. adults with disabilities program aid; and
 5. school age care aid.

Article 8: Higher Education

Kathy Novak

- 1 **Higher education appropriations.** Provides that the appropriations in this article are from the general fund for fiscal year 2007 and are in addition to appropriations in the 2005 omnibus higher education finance bill.
- 2 **Board of regents.** Appropriates \$5 million for academic programs at the University of Minnesota, Rochester, established in section 8. Also establishes base appropriations for University of Minnesota, Rochester of \$5 million in fiscal year 2008 and \$6.33 million in fiscal year 2009.
- 3 **Resident student.** Clarifies the definition of resident student for state financial aid programs and adds three alternative criteria for receiving financial aid. The additional categories are: persons on active duty military service and their immediate family; persons relocated from a presidential disaster area whose education was interrupted; and refugees under federal law living in Minnesota.
- 4 **Minnesota resident (SELF loan).** Defines resident for eligibility for the SELF loan program as a person who meets one of four criteria: residing in Minnesota for 12 months without being enrolled in postsecondary education; dependent of a Minnesota resident; graduate of a Minnesota high school physically attending a Minnesota postsecondary institution; or a student who receives a GED after residing in Minnesota for at least one year.
- 5 **Terms and conditions of loans.** Increase the maximum loan amounts (currently in Office rules) that students may borrow from the SELF loan program. Annual borrowing limits are increased for:
 - first and second year undergraduate students from \$4,500 to \$6,000 beginning in FY 2007 and again to \$7,500 beginning in FY 2008;
 - third, fourth and fifth year undergraduate students from \$6,000 to \$7,500 beginning in FY 2007.

Aggregate undergraduate loan amounts are increased

- from \$25,000 to \$34,500 through FY 2007 and to \$37,500 in FY 2008; and
- from \$40,000 to \$52,500 through FY 2007 and to \$55,500 in FY 2008.

Cumulative undergraduate borrowing maximums are set at:

- \$6,000 through FY 2007 for grade level 1 and \$7,500 beginning in FY 2008
- \$12,000 through FY 2007 for grade level 2 and \$15,000 beginning in FY 2008
- \$19,500 through FY 2007 for grade level 3 and \$22,500 beginning in FY 2008
- \$27,000 through FY 2007 for grade level 4 and \$30,000 beginning in FY 2008

- \$34,500 through FY 2007 for grade level 5 and \$37,500 beginning in FY 2008.

- 6 Repayment of loans.** Establishes repayment terms for SELF loans (after SELF III) based on the aggregate loan principal. Amounts under \$18,750 have a repayment period of 10 years or less from the student's graduation or termination date. Amounts over \$18,750 have a 15-year repayment period. All loans must begin repayment seven years from the initial disbursement.
- 7 Mineral research; scholarships.** Increase to \$50 million from \$25 million the maximum amount of income deposited into the permanent university fund from royalties on mineral leases that is dedicated to mineral research, including research at NRRI Duluth and Coleraine. Half of the total annual income, up to the statutory cap, is dedicated to this purpose and the remainder to the endowed scholarship account at the U of M.
- 8 Establish, Rochester branch.** Changes the University of Minnesota's authority to establish a campus in Rochester from a nonresidential joint campus with Minnesota State Colleges and Universities to a branch campus. The stated purpose is to expand higher education offerings, in part, through partnerships with other higher education institutions and to avoid unnecessary duplication of programs, especially in nursing and allied health.
- 9 Mission at Rochester.** States that the legislature intends for the mission of expanded education offerings in Rochester is to correspond with the University of Minnesota's mission of teaching, research and outreach for economic development and educational needs of the region and Minnesota, recognizing success depends on maintaining distinct higher education institutions in the area. Repeals the requirement that the various postsecondary institutions avoid duplication and develop a joint statement of missions and roles.
- 10 Repealer.** Repeals § 137.17, subdivision 2 and 4, requirements of the higher education cooperative arrangement in Rochester under current law.

Article 9: Environment and Natural Resources Appropriations and Policy Changes

John Helland, Colbey Sullivan

- 1 Environmental, natural resources, and agricultural appropriations.** Provides for supplemental appropriations totaling \$2,415,000 from the general fund, and \$530,000 from the natural resources fund.
- 2 Department of Agriculture.** Appropriates a total of \$158,000 in FY2006 and \$648,000 in FY2007 from the general fund as follows:
- \$118,000 in 2006 and 130,000 in 2007 for invasive species control activities;
 - \$40,000 in 2006 and \$53,000 in 2007 for compensation payments for livestock depredation and crop damage;
 - \$190,000 in 2007 for plant pathology and biological control facility operations;
 - \$200,000 in 2007 for a grant to Second Harvest Heartland to purchase milk from Minnesota processors and distribute it to food shelves and other eligible

charitable organizations; and

- \$75,000 in 2007 for handling increased renewable energy inquiries.

3 Board of Animal Health. \$277,000 in 2006 and \$408,000 in 2007 for a onetime appropriation to eliminate bovine tuberculosis from cattle herds in Minnesota.

4 Natural resources. Appropriates \$88,000 in FY 2006 to the commissioner of natural resources (DNR) for bovine tuberculosis surveillance, and \$1,312,000 for various purposes in FY 2007. The FY 2007 appropriations are:

- an additional \$132,000 for bovine tuberculosis surveillance;
- \$550,000 to prevent and control invasive species;
- \$100,000 for operation of Minnesota Shooting Sports Education Center;
- \$400,000 to operate Corps of Engineers campsites in north central Minnesota; and
- \$130,000 for mapping and designating access points and campsites for canoe routes, including new designations for the Ottertail and Sauk rivers.

5 Authority. Authorizes the Board of Animal Health to test donors of land or interests in land or require tests any bovine or cervidae deemed necessary to maintain state status under federal law.

6 Citation authority. Allows the commissioner of natural resources to issue a citation for someone not having a horse trail pass.

7 Canoe routes. Includes the Sauk and Ottertail rivers as designated canoe routes.

8 Horse trail pass. Requires anyone 16 years of age or older to have a horse trail pass with them when riding, leading, or driving a horse in state recreational areas. Provides for fees and deposit of money as follows:

- Allows the DNR and appointed issuing agents to sell the horse trail pass for a \$20 annual fee, and \$4 for a daily pass.
- Allows an issuing agent to charge a \$1 fee for their cost of issuance.
- Credits the horse trail pass fees to a new account and, except for DNR issuance fees for the electronic licensing system, the fees are appropriated to the commissioner for trail acquisition, development, maintenance and enforcement in state recreational areas.
- Authorizes a duplicate horse trail pass for \$2, with a 50 cent issuing fee.

Makes sections 6 and 8 effective on January 1, 2007.

9 Emergency deterrent materials assistance. Adds the prevention of the spread of bovine tuberculosis as eligible criteria for assistance from an existing DNR program and limits cumulative assistance for this purpose to \$5,000 within a five-mile radius of an infected cattle herd.

- 10 **Land and mineral resources management.** Repeals the \$250,000 appropriation in fiscal year 2006 to the University of Minnesota for a bore hole at the Tower-Soudan mine.

Article 10: Clean Water Legacy

Colbey Sullivan

- 1 **Clean water legacy appropriations.** Provides appropriations to protect, restore, and preserve the quality of Minnesota's surface water, including assessment activities, activities for identified impairments and development of total maximum daily load studies under federal law. A total of \$15 million in fiscal year 2007 is appropriated.
- 2 **Pollution control agency.** Appropriates \$5.03 million from the general fund, including:
- \$1.86 million for a statewide assessment of surface water quality and trends and grants for citizens to monitor surface waters; and
 - \$3.17 million to develop TMDL and implementation plans for listed waters, including \$1.74 million for TMDL development contracts and grants.
- 3 **Public facilities authority.** Appropriates \$100,000 from the general fund for small community wastewater treatment loans and grants.
- 4 **Agriculture Department.** Appropriates a total of \$2.4 million in FY2007 for clean water-related activities as follows:
- \$1.2 million for best practice loans to agricultural producers and rural landowners. Stipulates that at least \$1 million may pass through to local governments and lenders for low-interest loans;
 - \$400,000 for technical assistance related to nutrient and pasture management, targeting practices to water impairment, fully utilizing federal conservation funds, and expanding conservation planning assistance to producers. Stipulates that \$210,000 is available for developing nutrient and conservation planning information materials;
 - \$800,000 to evaluate how effective agricultural best management practices are in restoring impaired waters.
- 5 **Board of water and soil resources.** Appropriates \$5.84 million for grants to local governments, including:
- \$1.5 million for targeted nonpoint restoration cost-share and incentive payments;
 - \$2 million for nonpoint restoration technical, compliance, and engineering assistance;
 - \$200,00 for reporting and evaluation of soil and water conservation;
 - \$730,000 for county individual sewage treatment systems, and

- \$1.4 million for local nonpoint source protection activities.
- 6 Department of natural resources.** Appropriates \$1.63 million, including:
- \$280,000 for statewide assessment of surface water quality;
 - \$500,000 to acquire high priority, sensitive riparian lands; and
 - \$850,000 for forest stewardship activities.
- 7 Membership; appointment (Clean Water Council).** Expands the membership of the newly created council to 19 members by adding an additional member representing business and an additional member representing environmental organizations.

Article 11: Economic Development

Overview

This article makes supplemental appropriations to the department of employment and economic development, the department of commerce, the department of human services, the Minnesota Boxing Commission, Explore Minnesota Tourism, and the Minnesota Historical Society. Among other things, this article also modifies the film jobs production program, adjusts eligibility requirements for receiving renewable energy production incentives, establishes the Minnesota Boxing Commission, and authorizes DEED to designate new bioscience zones.

Elisabeth Long

- 1 Economic development; appropriations.** This section describes, in general terms, the appropriations contained in article 11 and summarizes the total appropriations by fund. Unless otherwise specified, these appropriations are from the general fund.
- 2 Department of employment and economic development (DEED).**

Subd. 1. Total appropriation. Appropriates \$1,250,000 in fiscal year 2006 and \$29,552,000 in fiscal year 2007 to DEED for the purposes specified below.

Subd. 2. Business and community development. Appropriates \$467,000 in fiscal year 2007 for a onetime grant to the BioBusiness Alliance of Minnesota. Requires an annual report on the expenditure of the appropriation, including information, if available, about the impact of the subsidy on reducing the consumer costs of bioengineered products and jobs created, including wages and benefits.

Subd. 3. Youthbuild. Appropriates \$150,000 in fiscal year 2007 for the youthbuild program. Makes the base appropriation for youthbuild \$75,000 in fiscal year 2008 and thereafter.

Subd. 4. Hard hats program. Appropriates \$200,000 in fiscal year 2007 for a grant to the Summit Academy OIC for the 100 hard hats program. Makes this a onetime appropriation.

Subd. 5. Biotech partnership. Appropriates \$15 million in fiscal year 2007 for the collaborative research partnership between the University of Minnesota and the

Mayo Foundation for research in biotechnology and medical genomics. Requires an annual report on the expenditure of this appropriation until the appropriation is expended. Makes this a onetime appropriation that is available until expended.

Subd. 6. Itasca County infrastructure. Appropriates \$11.5 million in fiscal year 2007 for transfer to the Minnesota minerals 21st century fund for a grant to Itasca County for expenses related to a steel plan in Itasca County. Specifies that \$500,000 of this amount may be used for other mineral related projects in the taconite relief area. Makes this a onetime appropriation.

Subd. 7. Programs for persons with developmental and mental disabilities. Appropriates \$150,000 in fiscal year 2007 for a grant to Advocating Change Together to provide training, technical assistance, and resource materials to persons with developmental and mental health disabilities. Specifies that this appropriation becomes part of DEED's base.

Subd. 8. Wastewater treatment. Appropriates \$100,000 in fiscal year 2007 for a grant to the city of Cedar Mills for unexpected costs incurred in constructing a wastewater treatment system. Makes this a onetime appropriation.

Subd. 9. Pilot workforce program. Appropriates \$250,000 in fiscal year 2007 from the workforce development fund for grants to the West Central Initiative in Fergus Falls to implement and operate Northern Connections, a pilot workforce program that provides one-stop supportive services to assist individuals transitioning into the workforce. Makes this a onetime appropriation contingent upon the receipt of dollar-for-dollar nonstate matching funds.

Subd. 10. Summer youth employment. Appropriates \$1.25 million in fiscal year 2006 and \$1.25 million in fiscal year 2007 from the workforce development fund for grants for summer youth employment in Minneapolis. Of this amount, \$250,000 each year is for a grant to the learn-to-earn summer youth employment program. Makes this appropriation available in either year of the biennium and available until spent.

Subd. 11. Veterans' memorial. Appropriates \$10,000 in fiscal year 2007 for a grant to the city of Worthington to construct a veterans' memorial in Freedom Veterans' Memorial Park. Makes this a onetime appropriation that is contingent upon dollar-for-dollar nonstate matching funds.

Subd. 12. Workforce partnership. Appropriates \$450,000 in fiscal year 2007 from the workforce development fund for a pilot project to encourage the licensure of foreign-trained health care professionals. The pilot project will run from July 1, 2006, to June 30, 2007, and the commissioner of DEED must submit a legislative report on the program's effectiveness by October 1, 2007. Makes this a onetime appropriation.

Subd. 13. Housing collaboration. Appropriates \$25,000 for a grant to the city of St. Louis Park for the Meadowbrook collaborative housing project to enhance youth outreach services and to provide educational and recreational programming for at-risk youth. Makes this a onetime appropriation.

3 Department of Commerce. Notwithstanding the statutory section governing appropriations to the Petroleum Tank Release Compensation Board for cost reimbursements, appropriates \$477,000 in fiscal year 2006 and \$478,000 in fiscal year 2007 from the petroleum tank release cleanup fund for costs reimbursable to the Minnesota Department of Transportation that were incurred before January 1, 2004. Makes this a onetime appropriation.

4 Department of Human Services. Appropriates \$200,000 in fiscal year 2007 from the

telecommunications access Minnesota fund to supplement the ongoing operational expenses of the Commission Serving Deaf and Hard-of-Hearing People. Makes this appropriation part of the commission's base beginning in the next biennium.

- 5 **Boxing Commission.** Appropriates \$50,000 in fiscal year 2007 to operate and administer the commission. Makes this a onetime appropriation. Requires the commission to submit a legislative report setting forth a fee schedule that raises sufficient revenue to operate and administer the commission beginning in fiscal year 2008 and thereafter.
- 6 **Explore Minnesota Tourism.** Appropriates \$1.7 million in fiscal year 2007 to Explore Minnesota Tourism for a grant to the Minnesota Film and TV Board. The grant is for reimbursements of up to 15% of film production costs incurred in Minnesota on films that begin filming on or after May 1, 2006. Makes this a onetime appropriation that is available until June 30, 2007.
- 7 **Minnesota Historical Society.** Appropriates \$200,000 in fiscal year 2007 for a onetime grant to the Minnesota Agricultural Interpretive Center in Waseca to restore current sites and exhibits.
- 8 **Workforce services.** Modifies DEED's base for the Minnesota Employment Center for People who are Deaf or Hard-of-Hearing to include an additional \$150,000 from the workforce development fund.
- 9 **Small business access to federal research funds.** Requires the commissioner of DEED to help small businesses access federal funds through the Small Business Innovation Research Program and the Small Business Technology Transfer Program. Unless prohibited by federal law, requires DEED to implement fees for services that help companies seek small business innovation research grants. Appropriates fee receipts to DEED. (The requirement to assist small businesses and to implement fees was enacted, likely on a temporary basis, in 2005 as an appropriation rider for this program.)
- 13 **Film jobs production program.** Recodifies the language establishing the Film Jobs Production Program in the Explore Minnesota Tourism chapter of the Minnesota Statutes. Clarifies the definition of "production costs" and "film" for purposes of providing reimbursements to film producers for certain production costs incurred in Minnesota.
- 10 **Eligibility window.** Broadens the eligibility requirements for receiving renewable energy production incentive payments as follows: to be eligible for payments, a qualified hydroelectric facility must be operational and generating electricity by 2009 (as opposed to 2007, as under current law) and a qualified wind energy conversion facility must be operational and generating electricity by 2008 (as opposed to 2007, as under current law).
- 11 **Payment period.** Extends the period for facilities to receive renewable energy production incentive payments to apply to electricity generated by a qualified hydroelectric facility before 2019 (as opposed to 2017, as under current law) and electricity generated by a qualified wind energy conversion facility before 2018 (as opposed to 2017, as under current law).
- 12 **Fees.** Strikes language setting a \$25 fee for monitoring licensing examinations for applicants seeking licensure from the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design. (The board is currently in the process of outsourcing the monitoring of professional examinations. The vendor will charge applicants directly for this cost, and there is no need for a state fee.)
- 13 **Definitions.** Defines terms for purposes of the Minnesota Boxing Commission, including "boxing" and "tough person contest."
- 14 **Boxing Commission.** Creates a five-member Boxing Commission. Provides that one member must be a retired judge and at least three members must have knowledge of the boxing industry. Requires the governor to make serious efforts to appoint qualified women to serve on the commission.

- 15 **Limitations.** Forbids members of the Boxing Commission from directly or indirectly promoting a boxing contest, managing a boxer, or having any interest in the proceeds from a boxing match.
- 16 **Executive director.** Authorizes the governor to appoint, and at pleasure remove, an executive director of the Boxing Commission. Authorizes the commission to employ other personnel.
- 17 **Rules.** Authorizes the Boxing Commission to adopt rules that include standards for the physical examination and conditions of boxers and referees, and other rules necessary to carry out the purposes of sections 0 to 0.
- 18 **Meetings.** Requires the Boxing Commission to hold regular meetings quarterly. Authorizes special meetings. Provides that the commission is subject to the Open Meeting Law.
- 19 **Commission duties.** Specifies duties of the Boxing Commission, including issuance, denial, renewal, suspension and revocation of licenses.
- 20 **Regulation of boxing contests.**

Subd. 1. Regulatory authority; boxing. Provides that all professional boxing contests are subject to sections 0 to 0. Requires contestants to wear padded gloves weighing at least 8 ounces. Requires a member of the Boxing Commission to attend and make a written report on each contest.

Subd. 2. Regulatory authority; tough person contests. Provides that tough person contests, including amateur tough person contests, are subject to sections 0 to 0, and that contestants must wear padded gloves that weigh at least 12 ounces.

- 21 **Jurisdiction of commission.** Provides that the Boxing Commission has sole jurisdiction over boxing contests and tough person contests, unless federal law applies. States conditions under which the commission shall grant licenses.
- 22 **Licenses (boxing).**

Subd. 1. Licensure; individuals. Requires specified occupations relating to the boxing industry to be licensed by the Boxing Commission.

Subd. 2. Entity licensure. Requires business entities conducting contests to be licensed.

Subd. 3. Background investigation. Authorizes background information on regulated persons.

Subd. 4. Prelicensure requirements. Specifies requirements that must be met before the commission issues a license to a promoter, matchmaker, corporation or other business entity, or to a boxer.

- 23 **Simulcast licenses.** Provides for the Boxing Commission to issue a license to a person simulcasting boxing.
- 24 **License fees, expiration, renewal.** Provides for issuance of annual licenses by the Boxing Commission, and for expiration of licenses.
- 25 **Fee schedule.** Sets forth a fee schedule for licenses issued by the Boxing Commission. Requires the deposit of all fees collected by the commission in the Boxing Commission account in the special revenue fund.
- 26 **Physical exams.** Requires boxing contestants and referees to be examined by a physician

within three hours before entering the ring, and specifies the required contents of the physician's written report. Requires a physician to be in attendance at each contest.

27 **Insurance.** Provides that the Boxing Commission must require at least \$20,000 of medical insurance coverage and at least \$20,000 of life insurance coverage for boxers. Specifies that the cost of required insurance is payable by the promoter.

28 **Penalties.** Specifies penalties for nonlicensed boxing exhibitions.

29 **Appropriation.** Establishes a Boxing Commission account in the special revenue fund and annually appropriates money in the account to the commission.

30 **Commissioner to designate.** Authorizes the commissioner of DEED to designate additional biotechnology and health sciences industry zones ("bioscience zones"). (Current law allows only one such zone.) Makes this section effective the day following final enactment.

31 **Designation schedule.** Specifies that in designating additional bioscience zones, the commissioner of DEED must follow substantially the same application and designation process that was used to designate the initial bioscience zone. Makes this section effective the day following final enactment.

32 **Repealer.** Repeals the section of Minnesota Statutes establishing the Minnesota film jobs production program. This program is recodified in the first section 0.

Article 12: Transportation

Matt Burress

1 **Transportation appropriations.** Provides appropriations for fiscal year 2007 in addition to appropriations made in 2005.

2 **Total appropriations.** Appropriates \$692,000.

3 **Transportation.** Appropriates \$380,000 for a new radio tower in Roseau County. This amount is available until spent.

4 **State Patrol.** Appropriates \$312,000 for automatic external defibrillators for state patrol vehicles. The money is available until June 30, 2009 contingent on a match from nonstate sources of \$2 for every \$3 of state appropriations.

5 **Effective date.** This article is effective the day following final enactment.

Article 13: Public Safety

Overview

Article 13 contains the Public Safety Supplemental Appropriations for the following state government entities: Supreme Court, Board of Judicial Standards, Department of Public Safety, Department of Corrections, and the Peace Officers Standards and Training Board. Creates a Human Trafficking Task Force to develop and carry out a plan to address and prevent trafficking in Minnesota. The plan must include training, awareness, and victims' assistance initiatives.

Rebecca Pirius, Jeffrey Diebel

1 **Public Safety Appropriations.** Describes the total appropriation made to public safety related initiatives contained in the 2006 supplemental budget act.

- 2 **Supreme Court.** Appropriates \$600,000 for the first phase of a judicial initiative to more effectively address the increasing numbers of alcohol and other drug offenders coming to court. Of this, \$300,000 is for a study; \$100,000 is to augment treatment services; and \$200,000 is for development of a multi-county pilot problem-solving court.
- 3 **Board of Judicial Standards.** Appropriates \$172,000 in FY06 for costs of special hearings and an investigation regarding complaints of judicial misconduct.
- 4 **Public Safety.**

Subd. 1. Total appropriations.

Subd. 2. Emergency management. Provides funds to obtain FEMA matching grants to cover the cost of repair of Hastings' hydroelectric power facility.

Subd. 3. Criminal apprehension. Appropriates \$1,000,000 to create a child pornography investigative unit. Appropriates \$200,000 for the enhancement of the predatory offender database regarding noncompliant sex offenders. Appropriates \$100,000 to the BCA to address the missing persons and unidentified bodies backlog, to prepare a report to the legislature, and to create a model policy for training and investigating missing and unidentified person cases.

Subd. 4. Office of Justice Programs. Appropriates:

- ▶ \$800,000 for expanded operation of the gang strike force and narcotics task force;
- ▶ \$98,000 to Ramsey county for implementation of the safe harbor for sexually exploited youth pilot project;
- ▶ \$75,000 to implement the human trafficking task force and plan;
- ▶ \$60,000 to fund legal advocacy for human trafficking victims;
- ▶ \$35,000 for a human trafficking toll-free hotline;
- ▶ \$200,000 for youth intervention programs;
- ▶ \$150,000 to provide emotional support to families of murder victims;
- ▶ \$200,000 to the City of Minneapolis to expand the worksite system throughout the city;
- ▶ \$1,533,000 for additional Minneapolis peace officers; and
- ▶ \$177,000 to the financial crimes task force.

5 **Corrections.**

Subd. 1. Total appropriations.

Subd. 2. Correctional institutions. Appropriates funds to cover salary increases

for DOC employees.

Subd. 3. Community Services. Appropriates \$250,000 for grants to organizations that provide mentoring services to children of inmates. Increases the base in FY08 by \$196,000 for the addition of Scott County to the Community Corrections Act. Establishes base funding for discharge planning in FY08 and FY09 at \$200,000.

6 Peace Officer Standards and Training Board. Amends provisions enacted in 2005 regarding excess receipts and training reimbursements. Appropriates \$200,000 from the special revenue fund to the POST Board for reimbursements to local governments for training costs.

7 Gang Strike Force; St. Cloud. Establishes a gang strike force in St. Cloud.

8 Statewide Human Trafficking Assessment.

Subd. 1. Applies the human trafficking definitions enacted in 2005 to new sections added in this bill.

Subd. 2. Expands the general duties of the commissioner of the department of public safety with respect to this article. The commissioner's duties include cooperating with authorities (1) to collect, share, and compile trafficking data, and (2) to analyze the data and develop a plan to address and prevent trafficking.

Subd. 3. Authorizes the commissioner to contract for outside services.

[Effective date: July 1, 2006]

9 Trafficking study; analysis and use of data. Directs the commissioner to develop and carry out a plan to address and prevent trafficking in Minnesota. The plan must include training initiatives for law enforcement, prosecutors, and other agencies, as well as awareness initiatives for victims and the public. The commissioner must report the plan to the legislature by December 15, 2006. [Effective date: July 1, 2006]

10 Trafficking Victim Assistance. Directs the commissioner to establish policies that will enable state government to work with nongovernmental organizations in providing assistance to trafficking victims with medical services, housing, job training, legal services, interpreting services and victim services.

[Effective date: July 1, 2006]

11 Human Trafficking Task Force; Coordinator. Creates the Human Trafficking Task Force. The 22-member task force shall advise and assist the commissioner in carrying out its duties. The committee shall consist of representatives who are knowledgeable in trafficking, crime victims' rights, or violence prevention. The committee shall meet at least quarterly. The task force expires on June 30, 2011, or once it has implemented and evaluated the human trafficking programs and policies.

[Effective date: July 1, 2006]

12 Toll-Free Hotline For Trafficking Victims. Establishes a toll-free hotline for victims of human trafficking. The hotline must be in place by January 1, 2007, and offer language interpreters.

[Effective date: July 1, 2006.]

Article 14: State Government

Mark Shepard

- 1 **State government appropriations.** Summary of appropriations in this article.
- 2 **Legislature.** Makes a one-time appropriation of \$30,000 for forums to improve legislative effectiveness. Makes a one-time appropriation of \$7,000 for the International Legislators' Forum, to allow Minnesota legislators to meet with counterparts from South Dakota, North Dakota, and Manitoba [**VETOED**].
- 3 **Finance.** Appropriates \$325,000 for the state's share of bankruptcy counsel representing joint interests of the state and the city of Duluth in the Northwest Airlines bankruptcy.
- 4 **Office of Enterprise Technology.** Appropriations \$1,900,000 for state enterprise information technology security.
- 5 **Office of Administrative Hearings.** Appropriates \$320,000 from the workers' compensation fund for costs associated with relocating OAH offices to the Stassen Building in St. Paul. Provides that designer selection procedures do not apply to this renovation. Reduces the appropriation base for the workers' compensation fund, beginning in fiscal year 2009, to reflect savings in rent costs.
- 6 **Employee Relations.** Appropriates \$100,000 to establish and operate the Center for Health Care Purchasing Improvement.
- 7 **Amateur Sports Commission.** Appropriates \$60,000.
- 8 **Expenses of Governor-elect.** Requires the commissioner of administration to request a transfer from the contingent account of 1.5% of the annual appropriation for the Governor's office to provide transition funding when a new Governor is elected. If the transfer is approved, requires the commissioner to make the amount available to the Governor-elect. Requires the commissioner to provide office space for the Governor-elect and any employees.
- 9 **Information and Telecommunications Account.** Creates an information and telecommunications technology systems and services account in the special revenue fund. Appropriates money in the account to the Office of Enterprise Technology to defray costs of personnel and technology for activities that create government efficiency. Provides that upon agreement of a participating agency, the Office may collect a charge for purchases of information and telecommunications technology, and that amount collected are credited to the account created in this section.
- 10 **Center for Health Care Purchasing Improvement.** Requires the Commissioner of Employee Relations to establish and administer the Center for Health Care Purchasing Improvement as an administrative unit with the Department of Employee Relations. Requires the center to support the state in its efforts to be a more prudent and efficient purchaser of quality health care services. Specifies additional powers and duties for the Center. Requires the Commissioner to report annually to the legislature and the Governor.
- 11 **National Sports Center Lease.** A 2005 law authorized the Minnesota Amateur Sports Commission to lease certain land adjacent to the National Sports Center in Blaine for a term of up to 30 years to one or more governmental or private entities, so long as the use provides some benefit to amateur sports. This section provides that the 30-year lease may be renewed twice, for a term of up to 30 years for each renewal.
- 12 **Labor agreements and compensation plans.** Ratifies labor agreements and compensation plans governing state employees. These agreements and plans were approved by the

Legislative Coordinating Commission's Subcommittee on Employee Relations (SER), and have been implemented on an interim basis. Current law requires the legislature to consider final ratification of agreements and compensation plans that have been implemented based on interim approval by the SER.

13 Transfer. Requires the Commissioner of Finance to transfer the balances in the tobacco use prevention and local public health endowment fund and the medical education endowment fund to the general fund.

14 Revisor's instruction. Instructs the Revisor to correct cross-references in connection with the repealers in section 15.

15 Repealer. Repeals section 62J.694 (medical education endowment fund) and 144.395 (tobacco use prevention and local public health endowment funds)

Article 15: Veterans Affairs

Jim Cleary

1 Veterans affairs appropriations. Provides appropriations for fiscal year 2006 and 2007 as specified.

2 Veterans affairs. Appropriates \$250,000 for fiscal year 2006 and \$3.23 million for fiscal year 2007, including for fiscal year 2007 (unless otherwise noted):

- \$2,000,000 for State Soldiers Assistance Fund. This amount is in addition to other funding appropriated for this purpose;
- \$100,000 To create a centralized web site containing info on all benefits and services for veterans;
- \$200,000 for grants to counties to enhance benefits, programs, and services provided to veterans with priority for: effective outreach to veterans; reintegration of combat veterans into society; collaboration with other social services, ed agencies and other community resources; reducing homelessness among veterans; and providing measurable outcomes. Specifies that the commissioner may provide incentives to encourage regional collaboration and Vinland Center and Minnesota Assistance Council for Veterans may apply. This appropriation must be included in the MDVA's base appropriation through FY09;
- \$600,000 For the new Higher Education Vets Assistance Program, described below. This appropriation must be included in the MDVA's base appropriation through FY09;
- \$250,000 each year for Outreach and Assistance to better assist underserved veterans;
- \$80,000 for veterans services provided by the VFW, Military Order of the Purple Heart, Disabled American Veterans, and the Vietnam Veterans of America. This is a onetime appropriation.

3 Higher education veterans assistance office. Creates a new program to provide assistance to veterans at all public and private higher educational institutions in Minnesota. Funding for the program is directed to the Minnesota Department of Veterans Affairs (MDVA). The commissioner shall use the funding to provide central liaison staff and campus veterans assistance officers (e.g., through work-study positions), to provide information and assistance to veterans regarding the availability of state, federal, local and private resources.

Establishes an Advisory Steering Committee with the commissioner as chair and a representative from each of the following: MNSCU; UMN; private colleges and universities; the Office of Higher Education; county veterans service offices (CVSOs); and DEED.

Requires each campus of the University of Minnesota and each institution within MNSCU to provide, and encourages each private college and university to provide, adequate space for a campus veterans service office.

Requires a report to the legislature each January 15, beginning in 2007.

Expires the program at the end of the first fiscal year in which the number of veterans enrolled in Minnesota public institutions of higher education fall below 4,000, but no later than June 30, 2011.

Article 16: Health and Human Services Miscellaneous Provisions

Overview

This article contains miscellaneous provisions related to health and human services.

Janelle Taylor, Lynn Aves, Randall Chun

- 1 Exceptions.** Amends § 43A.17, subd. 4. Adds an exception to state agency salary limits by allowing special salary rates to be established for doctors of dental surgery in order to attract and retain them.
- 2 Allocation of grants.** Amends § 144.1476, subd. 4. Modifies the terms for grants awarded under the rural pharmacy planning and transition grant program, by stating that funds awarded in grant agreements do not lapse until expended.
- 3 Interconnected electronic health record grants.** Adds § 144.366.

Subd. 1. Definitions. Defines “eligible community e-health collaborative” and “eligible health care entity” for the purposes of the section.

Subd. 2. Grants authorized. Requires the commissioner of health to award grants to eligible community e-health collaborative projects to improve the implementation and use of interoperable electronic health records, including: (1) collaborative efforts to host and support interoperable electronic health records in multiple care settings; (2) electronic medical history and patient registration information; (3) electronic records for persons with chronic diseases and for

prevention services; (4) rural and underserved community models for electronic prescribing; (5) projects enabling local public health systems to exchange information needed to participate in community e-health collaboratives or for public health emergency preparedness and response. Prohibits the use of grants for construction of health care or other buildings and facilities.

Subd. 3. Allocation of grants. Paragraph (a) requires the commissioner to give preference to projects benefiting providers located in rural and underserved areas, which the commissioner determines as having an unmet need for the development and funding of electronic health records. Allows grants to be awarded for one, two, and three-year periods. Requires the submission of an application by a deadline determined by the commissioner in order to receive a grant.

Paragraph (b) requires the application to include: (1) a description of the purpose or project the funds will be used for; (2) a description of the problem the funds will address; (3) a description of achievable objectives; (4) a description of the health care entities and other groups participating; (5) a plan for patient/consumer involvement; (6) evidence of consensus and support amongst those developing the proposal and responsible for the implementation; and (7) a plan for documenting and evaluating grant results.

Paragraph (c) requires the commissioner to review the applications, and evaluate them considering a number of factors, including: the degree the proposal interconnects providers; the interoperability of the system and how the project intends to interconnect with other providers in the future; the degree the project addresses unmet needs; how the project will improve patient safety, quality of care and empower consumers; and recommendations of the Health Information and Technology Infrastructure Advisory Committee.

Paragraph (d) requires applicants to provide one dollar in the form of cash or in-kind staff or service for each three dollars provided under the grant program.

Paragraph (e) limits each grant to no more than \$900,000 and allows the commissioner discretion over the size and number of grants awarded.

Subd. 4. Evaluation and report. Requires the commissioner of health to evaluate the overall effectiveness of the program and collect progress and expenditure reports from those receiving grants. As part of the evaluation, the commissioner, in consultation with the Health Information and Technology Infrastructure Advisory Committee, is required to submit a report to the legislation every two years on the needs of the community and provide recommendations.

4 County maintenance of effort. Adds § 245.4835.

Subd. 1. Required expenditures. Provides that counties must maintain a level of expenditures for mental health services under the Adult Mental Health Act and the Children's Mental Health Act at least equal to the average expenditures for those services for calendar years 2004 and 2005. States the commissioner will adjust each county's base level for minimum expenditures by the amount of any increase or decrease in the county's state grants or other noncounty revenues for mental health

services.

Subd. 2. Failure to maintain expenditures. Provides that the commissioner shall require a county to develop a corrective action plan if the county does not comply with subdivision 1. If the plan is not acceptable to the commissioner or the county does not comply with the plan, the county loses protections provided by section 245.485.

5 **Performance payments.** Amends § 256.01, by adding subd. 2b. Requires the commissioner to develop and implement a pay-for-performance system to provide performance payments to medical groups that demonstrate optimum care in serving individuals with chronic diseases enrolled in MA, GAMC, and MinnesotaCare.

6 **Mental health case management.** Amends § 256B.0625, subd. 20.

- Deletes language related to calculations of county payments and state funds used to pay for mental health case management.

Effective date. This section is effective January 1, 2008.

7 **Provider qualifications.** Amends § 256B.0945, subd. 1. Deletes obsolete language.

8 **Covered service.** Amends §256B.0946, subd. 1. Adds crisis assistance to the list of medically necessary services to be covered by medical assistance.

9 **Physician and dental reimbursement.** Amends § 256B.76. Requires the commissioner of human services to annually establish a reimbursement schedule for critical access dental providers and provider-specific limits on total reimbursement received under the reimbursement schedule. Requires the commissioner to notify each critical access dental provider of the schedule and limit.

10 **Critical access mental health rate increase.** Adds §256B.763. Paragraph (a). Provides that for services as defined in paragraph (b) rendered on or after July 1, 2007, payment rates shall be increased 23.7 percent over the rates in effect January 1, 2006, for psychiatrists and advanced practice registered nurses with a psychiatric specialty; community mental health centers; and centers certified under Minnesota Rules, parts 9520.0750 to 9520.0870, or hospital outpatient psychiatric departments designated as essential community providers.

Paragraph (b). Lists services to which the rate increase applies: group skills training as a component of children's therapeutic services; psychotherapy, medication management; evaluation and management; diagnostic assessment; explanation of findings; psychological testing; neuropsychological services; direction of behavioral aides; and inpatient consultation.

Paragraph (c). States that the increase does not apply to rates governed by sections 256B.0625, subdivision 30 and 256B.761, paragraph (b); other cost-based rates; rates that are negotiated with the county; rates that are established by the federal government; or rates that increased between January 1, 2004, and January 1, 2005.

Paragraph (d). Instructs the commissioner to adjust rates to prepaid health plans under contract with the commissioner to reflect the rate increases in paragraph (a). Directs the health plan to pass the increase to the providers identified in paragraph (a).

11 **General assistance medical care; eligibility.** Amends § 256D.03, subd. 3. The amendment to paragraph (a) provides that GAMC is not available for applicants or enrollees who are otherwise eligible for MA but fail to verify their assets. Also requires GAMC

enrollees who become eligible for MA to be terminated and transferred to MA.

The amendment to paragraph (e) exempts the following additional GAMC applicants and recipients from the MinnesotaCare enrollment requirement: end-stage renal disease beneficiaries in the Medicare program; persons enrolled in private health coverage; certain persons detained by law for less than one year in a county correctional or detention facility or admitted to a hospital on a criminal hold order; and persons who receive treatment funded through the Consolidated Chemical Dependency Treatment Fund.

Provides a September 1, 2006 effective date.

- 12 Co-payments and coinsurance.** Amends § 256L.03, subd. 5. Eliminates the 50 percent coinsurance requirement for non-preventive dental services under MinnesotaCare for adults with income equal to or less than 175 percent of the FPG. Provides a July 1, 2007, effective date.
- 13 Critical access dental providers.** Amends § 256L.11, by adding subd. 7. Requires the commissioner to increase MinnesotaCare payment rates to dentists and dental clinics deemed to be critical access providers by 50 percent above the payment that would otherwise be paid, for services provided on or after January 1, 2007. Requires the commissioner to adjust prepaid health plan rates to reflect this increase and requires the plans to pass this rate increase on to critical access dental providers.
- 14 Limit on total assets.** Amends § 256L.17, subd. 2. Provides that state-funded MinnesotaCare is not available for applicants or enrollees who are otherwise eligible for MA but fail to verify assets. Requires enrollees who become eligible for federally funded MA to be terminated from state-funded MinnesotaCare and transferred to MA.
- 15 Pharmacy payment reform advisory committee.**

Subd. 1. Definitions. Defines terms used in this section.

Subd. 2. Advisory committee. Creates a Pharmacy Payment Reform Advisory Committee to be convened by the commissioner of human services. The committee will advise the commissioner and make recommendations to the legislature on implementation of pharmacy reforms contained in the federal 2005 deficit reduction act. Specifies membership, provides the members serve without compensation, and provides that the committee expires January 31, 2008.

Subd. 3. Cost of dispensing study. Requires Department of Human Services to conduct a prescription drug cost of dispensing study to determine the average cost of dispensing Medicaid prescriptions in Minnesota. Requires contracting with an independent third-party, who must report to the department and the advisory committee by January 1, 2007.

Subd. 4. Content of study. Specifies topics to be covered in the study required by subdivision 3.

Subd. 5. Methodology of study and publishing requirement. Requires disclosure of the study's methodology and required collected data to be published in a manner that doesn't identify the source.

Subd. 6. Recommendations. Requires the advisory committee to use the

information from the study to make recommendations. Requires the commissioner to report the findings of the cost of dispensing study and the recommendations of the advisory committee to the legislature by February 1, 2007. Requires the commissioner, in consultation with the advisory committee, to make recommendations to the legislature on how to adjust reimbursement rates to pharmacies to cover pharmacy costs, and to meet other requirements specified in this subdivision.

Provides an immediate effective date.

16 Mental health pilot program for unsheltered individuals.

Subd. 1. Pilot project components. Instructs the commissioner of human services to establish a two 10-bed group residential pilot projects, one in Ramsey County and the other in Hennepin County that will provide 24-hour supervision and community support to homeless individuals. On-site mental health services are to be provided.

Subd. 2. Group residential housing. Provides that a county agency shall negotiate a supplemental rate not to exceed \$700 per month for the group residential program and independent living program.

Subd. 3. Independent living. States that an individual who has lived in the group residential housing program and is being transitioned to independent living will continue to be eligible for the group residential housing rate negotiated under subdivision 2.

Subd. 4. Effective date. Provides that this section is effective July 1, 2006, through June 30, 2008.

17 Repealer. Repeals Minnesota Statutes 2004, sections 245.465, subdivision 2 (residential and community support programs; 1992 salary increase); 256B.0945 (residential services for children with severe emotional disturbance) subdivisions 5 (quality measures), 6 (federal earnings), 7 (maintenance of effort), 8 (reports), and 9 (sanctions); and 256B.83 (maintenance of effort for certain mental health services).

Article 17: Health Care Federal Compliance

Overview

This article contains provisions related to compliance with the federal Deficit Reduction Act of 2005. These provisions address MA asset availability and transfers, the state long-term care partnership program and asset recovery, and state health care program citizenship verification.

Randall Chun

1 Payments on behalf of enrollees in government health programs. Amends § 62A.045. Requires each health insurer, as a condition of doing business in Minnesota, to comply with the requirements of the Deficit Reduction Act of 2005, including any federal regulations, to

the extent the insurer imposes a requirement that is not also required by the laws of this state. Provides a definition of “health insurer.”

- 2 **Extension of limitation periods.** Amends § 62S.05, by adding subd. 4. Allows the commissioner to extend the preexisting condition limitation periods to specific age group categories in specific forms, upon finding that this is in the best interest of the public.
- 3 **Mandatory format.** Amends § 62S.08, subd. 3. Makes changes in the standard format outline of coverage that must be provided to applicants for long-term care insurance. These changes relate to the provision of information on the terms under which a policy may be continued or discontinued, terms for changing premiums, eligibility for payment of benefits, and provision of contact information.
- 4 **Forms.** Amends § 62S.081, subd. 4. Adds more specific references to the forms an insurer must use to comply with rating practice disclosure requirements.
- 5 **Contents.** Amends § 62S.10, subd. 2. Requires policy summaries for individual life insurance policies that provide long-term care benefits to include a statement that any long-term care inflation protection option required by section 62S.23 is not available under the policy.
- 6 **Death of insured.** Amends § 62S.13, by adding subd. 6. Provides that in the event of the death of the insured, provisions related to rescission of a long-term care insurance policy do not apply to the remaining death benefit of a life insurance policy that accelerates benefits for long-term care, and that provisions related to the incontestability of life insurance policies apply.
- 7 **Terms.** Amends § 62S.14, subd. 2. Limits use of the term “level premium.”
- 8 **Authorized limitations and exclusions.** Amends § 62S.15. Allows long-term care policy limits and exclusions for services or items available or paid under another long-term care insurance or health policy.
- 9 **Renewability.** Amends § 62S.20, subd. 1. Revises the language of the renewability provision of individual long-term care insurance policies to refer to coverage being guaranteed renewable or noncancelable. Also requires, when applicable, a statement that premium rates may change.
- 10 **Required questions.** Amends § 62S.24, subd. 1. Revises the language that must be included on an application form related to determining the existence of other coverage.
- 11 **Other health insurance policies sold by agent.** Amends § 62S.24, by adding subd. 1a. Requires agents to list all other health insurance policies they have sold to the applicant that are still in force or were sold in the past five years.
- 12 **Solicitations other than direct response.** Amends § 62S.24, subd. 3. Revises language of the required notice related to replacement coverage that must be provided when using non-direct response solicitation methods.
- 13 **Direct response solicitations.** Amends § 62S.24, subd. 3. Revises language of the required notice related to replacement coverage that must be provided when using direct response solicitation methods.
- 14 **Life insurance policies.** Amends § 62S.24, by adding subd. 7. Requires life insurance policies that accelerate benefits for long-term care to comply with the replacement coverage requirements that apply to long-term care insurance policies, if the policy being replaced is such a policy. Requires compliance with the replacement coverage requirements for life insurance policies, if the policy being replaced is such a policy. Requires compliance with both replacement requirements, if the policy being replaced is also a life insurance policy that accelerates benefits for long-term care.
- 15 **Exchange for long-term care partnership policy; addition of policy rider.** Amends § 62S.24, by adding subd. 8. If authorized by federal law or a federal waiver granted with respect to the long-term care partnership program, allows issuers of long-term care policies

to voluntarily exchange a current policy for a policy that meets the standards of the long-term care partnership program, or to add riders necessary to meet those standards. Requires the commissioner of commerce, in cooperation with the commissioner of human services, to pursue necessary federal law changes or waivers.

- 16 Claims denied.** Amends § 62S.25, subd. 6. Requires insurers to annually report claims denied “for any reason” and provides a definition of “claim.”
- 17 Reports.** Amends § 62S.25, by adding subd. 7. Specifies that required reports must be done on a statewide basis and filed with the commissioner, and makes references to specific forms.
- 18 Loss ratio.** Amends § 62S.26. Specifies that the minimum loss ratio shall not apply to life insurance policies that accelerate benefits for long-term care. Specifies criteria that must be met if such a policy is to be considered to provide reasonable benefits in relation to premiums paid.
- 19 Requirement.** Amends § 62S.266, subd. 2. Specifies methods for offering nonforfeiture benefits for different types of group long-term care insurance.
- 20 Requirements.** Amends § 62S.29, subd. 1. Modifies requirements that apply to insurers or entities marketing long-term care insurance in the state. Requires the establishment of agent training requirements, the provision of copies of disclosure forms, and the provision of an explanation of contingent benefit upon lapse, and limits use of the terms “noncancelable” and “level premium.”
- 21 Suitability.** Amends § 62S.30.

Subd. 1. Standards. Requires insurers and entities marketing long-term care insurance to develop and use suitability standards, train agents in the use of these standards, and maintain a copy of the standards and make them available for inspection by the commissioner upon request.

Subd. 2. Procedures. (a) Requires the agent and insurers to take into account ability to pay and other financial information, the applicant’s goals or needs, and the values, benefits, and costs of existing insurance compared to that of the recommended purchase or replacement, when determining whether an applicant meets the standards for long-term care insurance.

(b) Requires the insurer to make reasonable efforts to obtain the information required under paragraph (a), including presentation of the Long-Term Care Insurance Personal Worksheet.

(c) Requires a completed worksheet to be returned to the insurer prior to consideration of the applicant for coverage.

(d) Requires insurers and agents to use the suitability standards.

(e) Requires a disclosure form to be provided to applicants.

(f) Specifies procedures to be followed if an applicant does not meet financial suitability standards, or has declined to provide information.

Subd. 3. Reports. Requires the insurer to report specified statistics on

applications and applicants annually to the commissioner.

Subd. 4. Application. States that this section does not apply to life insurance policies that accelerate benefits for long-term care.

22 Producer training. Adds § 62S.315. Requires the commissioner of commerce to approve producer-training requirements in accordance with NAIC Long-Term Care Insurance Model Act provisions. Requires the commissioner of human services to provide technical assistance and information.

23 Medical assistance payment. Amends § 144.6501, subd. 6. Adds an exception for the Deficit Reduction Act of 2005 to the requirement that a nursing facility admission contract may not require as a condition of admission that a resident remain in private pay status for any period of time.

24 Private health coverage. Amends § 256B.02, subd. 9. Amends the definition of “private health coverage” to include any self-insured plan, pharmacy benefit manager, service benefit plan, managed care organization, and other parties that by contract are legally responsible for payment of a health care claim for an MA, GAMC, or MinnesotaCare enrollee.

25 Homestead, exclusion and homestead equity limit for institutionalized persons. Amends § 256B.056, subd. 2. Limits the equity interest in the homestead of an individual whose eligibility for long-term care services is determined on or after January 1, 2006, to \$500,000, unless it is the lawful residence of the individual’s spouse or child who is under age 21, blind, or disabled. Beginning in 2011, requires this amount to be annually increased by the change in the CPI, rounded to the nearest \$1,000. Allows this provision to be waived in the case of demonstrated hardship by a process to be determined by the secretary of health and human services.

26 Treatment of continuing care retirement and life care community entrance fees. Amends § 256B.056, by adding subd. 3e. Provides that an entrance fee paid to a continuing care retirement or life care community shall be treated as an available asset to the extent that:

(1) the individual has the ability to use the fee, or the contract allows the fee to be used, to pay for care should other resources or income be insufficient;

(2) the individual is eligible for a refund of remaining fees when the individual dies or terminates the contract; and

(3) the entrance fee does not confer an ownership interest.

27 Treatment of annuities. Amends § 256B.056, by adding subd. 11. (a) Requires an individual applying for or seeking recertification of eligibility for MA payment of long-term care services to provide a complete description of any interest either the individual or the individual’s spouse has in annuities, using disclosure forms provided by the department.

(b) Requires the disclosure form to include a statement that the department becomes the remainder beneficiary under the annuity or similar financial instrument by virtue of receipt of MA. Specifies form requirements. Requires the individual and the individual’s spouse to execute separate disclosure forms for each annuity or similar instrument.

(c) Requires the issuer to confirm that this designation has been made and to notify the county agency when there is a change in the amount of income or principal being

withdrawn. Requires the county agency to provide the issuer with contact information.
Long-term care partnership program. Amends § 256B.0571.

Subd. 2. Home care service. Eliminates the definition of “home care service.”

Subd. 5. Nursing home. Eliminates the definition of “nursing home.”

Subd. 6. Partnership policy. Modifies the definition of “partnership policy” by eliminating a reference to total asset protection policies and eliminating an exemption related to when a policy was issued.

Subd. 7a. Protected assets. Defines “protected assets” as assets or proceeds of assets that are protected from recovery under subdivisions 13 and 15.

Subd. 8. Program established. Adds language linking eligibility criteria for the partnership program to the effective date of the state plan amendment and makes other revisions in language. Also allows beneficiaries of policies exchanged or to which necessary riders are added under subdivision 8a, to participate in the program.

Subd. 8a. Exchange for long-term care partnership policy; addition of policy rider. (a) If authorized by federal law or federal approval is granted, provides that a long-term care insurance policy issued before the effective date of the partnership program that was exchanged after the effective date of the program for a policy that meets DEFRA requirements qualifies as a long-term care policy under this section, unless the policy is paying benefits on the date the policy is exchanged.

(b) If authorized by federal law or federal approval is granted, provides that a long-term care insurance policy issued before the effective date of the partnership program that has a rider added after the effective date of the program that meets DEFRA requirements qualifies as a long-term care policy under this section, unless the policy is paying benefits on the date the rider is added.

Subd. 9. Medical assistance eligibility. The amendment to paragraph (a) rephrases existing language and adjusts internal references.

The amendment to paragraph (b) rephrases existing language and adds new language governing designation of assets that are to be protected from recovery.

The amendment to paragraph (c) requires individuals to identify the designated assets and their full fair market value, and designate them as assets to be protected at the time of initial MA application. Also specifies the methodology for determining the full fair market value and ownership.

Paragraph (d) specifies that the right to designate assets to be protected is personal to the individual and ends when the individual dies, except as otherwise provided. Also provides that the right to designate assets does not include the increase in the value of the asset.

Paragraph (e) allows individuals to designate additional assets that become available if the dollar amount of benefits utilized under a partnership policy is greater than the

full fair market value of assets protected at the time of MA application.

Paragraph (f) states that the section applies only to estate recovery under federal law, and does not apply to other types of recovery authorized by federal law, including but not limited to trusts and annuities.

Paragraph (g) provides that protected assets owned by an individual's spouse who applies for MA payment of long-term care services shall not be protected assets or disregarded for purposes of eligibility of the spouse, solely because they were protected assets for the individual.

Paragraph (h) exempts assets designated as protected from asset transfer penalties.

Paragraph (i) directs the commissioner to otherwise determine an individual's eligibility for payment for long-term care services according to MA eligibility requirements.

Subd. 10. Inflation protection. Specifies inflation protection requirements and eliminates provisions related to offering of an elimination period, meeting implementation requirements, and minimum daily benefits.

Subd. 11. Total asset protection policies. Language in this subdivision is stricken.

Subd. 12. Compliance with federal law. Requires issuers to comply with DEFRA 2005.

Subd. 13. Limitations on estate recovery. (a) States that protected assets shall not be subject to recovery, and that protected assets of the individual in the estate of the individual's surviving spouse are not liable to pay a claim for recovery of MA paid for the predeceased spouse. Also states that protected assets of the individual in the surviving spouse's estate are subject to recovery for MA paid on behalf of the surviving spouse.

(b) Specifies procedures for asset protection by a personal representative.

(c) Provides that asset protection terminates when the estate distributes the assets or if the estate has not been probated within one year of the date of the individual's death.

(d) Allows the state or county agency to file and collect claims in an estate, if the estate is opened for probate more than one year after the individual's death, and no statute of limitations applies.

(e) States that except as otherwise provided, nothing in this section shall limit or prevent recovery of MA.

Subd. 14. Implementation. (a) Allows the commissioner of human services, in cooperation with the commissioner of commerce, to alter the requirements of this section to comply with forthcoming requirements of the Department of Health and

Human Services and the National Association of Insurance Commissioners.

(b) Requires the commissioner submit a state plan amendment to the federal government to implement the long-term care partnership program. Also strikes outdated implementation language.

Subd. 15. Limitation on liens. (a) Provides an individual's interest in real property shall not be subject to an MA lien or notice of potential claim while it is protected under subdivision 9.

(b) Provides that MA liens against real property designated as protected under subdivision 13, paragraph (b), shall be released to the extent of the dollar value of protection.

(c) Provides that if an interest in real property is protected under paragraph (a) or (b) from a lien for recovery of MA paid on behalf of the individual, no lien for MA recovery shall be filed against the protected property after it is distributed to the individual's heirs or devisees.

Subd. 16. Burden of proof. States that the individual who asserts that an asset is disregarded or protected shall have the initial burden of documenting and proving this by clear and convincing evidence.

Provides a July 1, 2006, effective date.

29 **Payment of benefits from an annuity.** Adds § 256B.0594. When a payment becomes due under an annuity that names the department a remainder beneficiary, requires the issuer to request and the department to provide a written statement of the total amount of MA paid. Requires the issuer to pay the department an amount equal to the lesser of the amount due the department under the annuity or the total amount of MA paid on behalf of the individual or individual's spouse. Specifies that any amounts remaining are payable according to the terms of the annuity. Requires the county agency or department to provide the issuer with contact information. Also provides that section 72A.201, subdivision 4, clause (3) (requiring issuers to act on claims within 30 business days) does not apply to this section until the issuer has received payment information from the department, if the issuer has notified the beneficiary.

30 **Prohibited transfers.** Amends § 256B.0595, subd. 1. The amendment to paragraph (b) extends the look-back period for any disposal of assets made on or after February 8, 2006, from 36 to 60 months.

A new paragraph (f) provides that the purchase of an annuity on or after February 8, 2006, by an individual who has applied for long-term care services or the individual's spouse shall be treated as a disposal of an asset for less than fair market value, unless the department is named as a beneficiary for an amount at least equal to the amount of MA paid for the individual or the individual's spouse. Provides that any change in the designation of the department as remainder beneficiary shall result in the annuity being treated as a disposal of assets for less than fair market value. Also classifies any change in the amount of income or principal being withdrawn as a transfer for less than fair market value, unless the individual or individual's spouse demonstrates that the transaction was for fair market

value.

A new paragraph (g) provides that the purchase of an annuity on or after February 8, 2006, by or on behalf of an individual applying for or receiving long-term care services, shall be treated as a disposal of an asset for less than market value unless the annuity meets specified standards.

A new paragraph (i) provides that the prohibition on transfers for less than fair market value applies to the funds used to purchase a promissory note, loan, or mortgage, unless the instrument purchased: has a repayment term that is actuarially sound, provides for payments to be made in equal amounts with no deferral or balloon payments, and prohibits cancellation of the balance upon the death of the lender.

A new paragraph (j) provides that the prohibition on transfers for less than fair market value applies to the purchase of a life estate in another individual's home, unless the purchaser resides in the home for a period of at least one year after the date of purchase.

- 31** **Period of ineligibility.** Amends § 256B.0595, subd. 2. A new paragraph (c) states that for uncompensated transfers made on or after February 8, 2006, the period of ineligibility begins on the first day of the month in which advance notice can be given following the month in which the transfer occurred, or the date on which the individual is eligible for MA and would otherwise be receiving long-term care services, whichever is later, and which does not occur during any other period of ineligibility.

The amendment to paragraph (d) eliminates the \$200 limit at and below which an uncompensated transfer not made during a penalty period does not result in a fractional penalty period.

A new paragraph (e) provides that in the case of multiple fractional transfers in more than one month for less than fair market value on or after February 8, 2006, the period of ineligibility is determined by treating the total, cumulative uncompensated value as one transfer.

Provides that this section is effective for applications, renewals, and reports of transfers on or after July 1, 2006.

- 32** **Homestead exception to transfer prohibition.** Amends § 256B.0595, subd. 3. Allows a long-term care facility, with the written consent of the individual or the personal representative of the individual, to file an undue hardship waiver request on behalf of an individual who is denied eligibility for long-term care services on or after July 1, 2006, due to a period of ineligibility resulting from a transfer of a homestead on or after February 8, 2006. When a waiver is granted, allows a cause of action against the person to whom a homestead was transferred for that portion of long-term care services provided within 60 months, if the homestead was transferred on or after February 8, 2006.
- 33** **Other exceptions to transfer prohibition.** Amends § 256B.0595, subd. 4. Allows a long-term care facility, with the written consent of the individual or the personal representative of the individual, to file an undue hardship waiver request on behalf of an individual who is denied eligibility for long-term care services on or after July 1, 2006, due to a period of ineligibility resulting from a transfer made on or after February 8, 2006. Requires the local agency, in evaluating the waiver request, to take into account whether the individual has taken any action to prevent designation of the department as a remainder beneficiary on an

annuity. When a waiver is granted, allows a cause of action against the person to whom assets were transferred for that portion of long-term care services provided within 60 months, if the assets were transferred on or after February 8, 2006.

- 34** **Citizenship requirements.** Amends § 256B.06, subd. 4. Requires citizens or nationals of the U.S. to cooperate in obtaining satisfactory documentary evidence of citizenship or nationality for purposes of MA, according to the requirements of DEFRA 2005. Provides a July 1, 2006, effective date.
- 35** **Citizenship requirements.** Amends § 256L.04, subd. 10. Requires families with children who are citizens or nationals of the U.S. to cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of DEFRA 2005, for purposes of MinnesotaCare. Provides a July 1, 2006, effective date.
- 36** **Designation of assets as contingently exempt under long-term care partnership program.** Requires the commissioner of human services to develop and present to the legislature, by December 15, 2006, a plan and draft legislation to allow individuals participating in the long-term care partnership program to designate assets as contingently exempt. The value of the contingently exempt assets must not exceed a percentage, specified by the commissioner, of the value of the assets protected under the partnership program. If the assets protected decrease in value, the plan and draft legislation must allow the individual or personal representative to designate contingently exempt assets as protected, up to the amount of the decrease in value. Specifies that any contingently exempt assets not designated as protected are to be subject to recovery.
- 37** **Repealer.** Repeals the following provisions of section 256B.0571 relating to the long-term care partnership program: subdivisions 2 (definition of “home care services”), 5 (definition of “nursing home”), and 11 (total asset protection policies).

Article 18: Children and Families Federal Compliance

Overview

This article contains provisions related to compliance with the federal Deficit Reduction Act of 2005. These provisions address the TANF program and child support.

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- 1** **Separate state program for use of state money.** Amends § 256J.021. Paragraph (a) until October 1, 2006, requires the commissioner to treat MFIP expenditures made on behalf of any minor child who is part of a two-parent eligible household as expenditures under a separately funded state program and to report those expenditures as separate state program expenditures under the Code of Federal Regulations. This is current law.

Adds paragraph (b). Beginning October 1, 2006, paragraph (b) requires the commissioner to treat MFIP expenditures made on behalf of any minor child who is part of a two-parent eligible household as expenditures under a separately funded state program. Provides that these expenditures do not count toward the state’s TANF MOE requirement, unless counting certain families would allow the commissioner to avoid a federal penalty. Requires families receiving assistance under this section to comply with all applicable MFIP requirements.

- 2** **Allowable expenditures.** Amends § 256J.626, subd. 2. Adds paragraph (e), which allows

the commissioner to waive the cap on administrative costs for a county or tribe that elects to provide an approved supported employment, unpaid work, or community work experience program for a major segment of the county's or tribe's MFIP population. Requires the county or tribe to apply for the waiver on forms provided by the commissioner. Prohibits total administrative costs from exceeding the TANF limits.

- 3 **Fees for IV-D services.** Amends § 518.551, subd. 7. Adds that the public authority is to impose an annual federal collection fee of \$25 for each child support case in which the public authority has collected at least \$500 of support for individuals who have never received public assistance. This fee is not to be retained from the first \$500 collected. This section is effective October 1, 2006, or later if the commissioner determines a later implementation date will not result in federal financial penalties.

Article 19: Assisted Living

Overview

This article makes numerous changes in the regulation of assisted living services. The article establishes requirements for assisted living services in a new chapter 144G and prohibits persons or entities from using the term “assisted living” unless they are housing with services establishments or provide some or all of the components of assisted living as specified in chapter 144G. The article also establishes consumer protection and consumer information requirements and modifies licensure categories for home care services.

Randall Chun

- 1 **Assisted living bill of rights addendum.** Adds § 144A.441. Requires assisted living clients to be provided with the home care bill of rights, with a modified clause (16) that requires at least 30 days' notice of service termination by a provider (compared to 10 days' notice under the standard home care bill of rights), except that ten days' notice is required if services are terminated due to nonpayment. Provides a January 1, 2007, effective date.
- 2 **Termination of home care services for assisted living clients.** Adds § 144A.442. Specifies the information that an arranged home care provider that is not also Medicare certified must provide to an assisted living client and the legal or designated representative, if any, with written termination of a service agreement or service plan. Provides a January 1, 2007, effective date.
- 3 **Class F provider.** Amends § 144A.4605. Replaces references to “assisted living home care provider” with the term “class F home care provider” (this is related to the new requirements for assisted living and title protection for the term specified elsewhere in the bill). Replaces references to “class E” providers with the term “class B” provider (this is related to elimination of the class E category in the bill). Also eliminates obsolete language related to adult foster care providers. Provides a January 1, 2007, effective date.
- 4 **Arranged home care provider.** Amends § 144D.01, by adding subd. 2a. Defines “arranged home care provider” as a licensed home care provider that provides services to some or all residents of a housing with services establishment and that is either the establishment itself or another entity with which the establishment has an arrangement. Provides a January 1, 2007, effective date.
- 5 **Assisted living facility or assisted living residence definition for purposes of long-term care insurance.** Amends § 144D.015. Makes conforming changes in a provision allowing

long-term care insurance policies to use the terms “assisted living facility” and “assisted living residence,” by providing an exemption from the requirements of chapter 144G (the new assisted living chapter established by the bill) and adding a reference to arranged home care provider. Provides a January 1, 2007, effective date.

6 **Registration required.** Amends § 144D.02. Updates a reference to housing with services establishments. Provides a January 1, 2007, effective date.

7 **Surcharge for injunctive relief actions.** Amends § 144D.03, by adding subd. 1a. Requires the commissioner to assess each housing with services establishment that offers or provides assisted living a surcharge on the annual registration fee, to pay for costs related to bringing actions for injunctive relief. Requires the amount of the surcharge to be based on the client capacity of an establishment. Requires the commissioner to adjust the surcharge annually as necessary to recover the projected costs of bringing actions for injunctive relief.

8 **Registration information.** Amends § 144D.03, subd. 2. Updates a reference to housing with services establishments. Provides a January 1, 2007, effective date.

9 **Housing with services contracts.** Amends § 144D.04. Requires housing with services contracts to include a statement on the availability of and contact information for long-term care consultation services. Rephrases existing language and makes technical changes. Provides a January 1, 2007, effective date.

10 **Information concerning arranged home care providers.** Adds § 144D.045. Requires housing with services establishments with one or more arranged home care providers to arrange to have those providers deliver to prospective residents contact information, a description of the process by which the home care service agreement or plan can be modified, amended, or terminated, information on billing and payment procedures, and information on service limits. Provides a January 1, 2007, effective date.

11 **Authority of commissioner.** Amends § 144D.05. Updates a reference to housing with services establishments. Provides a January 1, 2007, effective date.

12 **Establishments that serve persons with Alzheimer’s disease or related disorders.** Amends § 144D.065. Updates a reference to housing with services establishments. Provides a January 1, 2007, effective date.

13 **Definitions.** Adds § 144G.01. Defines the following terms – assisted living, assisted living client, and commissioner.

14 **Assisted living; protected title; restriction on use; regulatory functions.** Adds § 144G.02.

Subdivision 1. Protected title; restriction on use. Prohibits use of the phrase “assisted living” by a person or entity, unless the person or entity is a housing with services establishment that meets the requirements of this chapter, or the person or entity provides some or all of the components of assisted living. Limits use of the phrase to the context of participation in assisted living that meets the requirements of this chapter. Requires a housing with services establishment that offers or provides assisted living that is not made available to residents in all units to identify the number or location of the units in which assisted living is available, and prohibits the establishment from using the term “assisted living” in its name.

Subd. 2. Authority of commissioner. (a) Allows the commissioner, upon receipt of information related to lack of compliance with legal requirements, to make appropriate referrals to other entities.

(b) States that the commissioner has standing to bring actions for injunctive relief in district court against housing with services establishments and arranged home care

providers, to compel compliance with this chapter. Specifies that this authority is in addition to the commissioner's existing regulatory authority with respect to licensed home care providers and housing with services establishments, and that other sanctions are available.

Provides a January 1, 2007, effective date.

15 Assisted living requirements. Adds § 144G.03.

Subd. 1. Verification in annual registration. Requires a registered housing with services establishment using the phrase "assisted living" to verify compliance with the provisions of chapter 144G in its annual registration.

Subd. 2. Minimum requirements for assisted living. (a) Allows assisted living to be provided only to individuals residing in a housing with services establishment. Allows the person or entity offering assisted living to define the available services and offer assisted living to all or some residents. Allows services to be provided directly by a housing with services establishment or under arrangement.

(b) States that a person or entity may use the phrase "assisted living" only with respect to a housing with services establishment, or a service, service package, or program available within an establishment, that at a minimum:

(1) provides or makes available health related services under a class A or class F home care license. These must include assistance with self-administration of medication or medication administration and assistance with at least three activities of daily living;

(2) provides assessments of the physical and cognitive needs of assisted living clients by a registered nurse;

(3) has and maintains a system for delegation of health care activities to unlicensed assistive health care personnel by a registered nurse;

(4) provides staff access to an on-call registered nurse 24 hours per day, seven days per week;

(5) has and maintains a system to check on each assisted living client at least daily;

(6) provides a means for clients to request assistance for health and safety needs 24 hours per day, seven days per week;

(7) has a person or persons available 24 hours per day, seven days per week, to respond to requests of clients for assistance with health or safety needs, who meet specified criteria;

(8) offers to provide or make available specified supportive services to clients; and

(9) makes available to prospective and current clients information consistent with the uniform format and required components adopted by the commissioner under section

144G.06, within six months of availability.

Subd. 3. Exemption from awake-staff requirement. Provides an exemption from the 24-hour awake staff requirement for housing with services establishments that have a maximum capacity of 12 or fewer clients and that meet other specified requirements.

Subd. 4. Nursing assessment. Specifies requirements related to nursing assessments of prospective residents by registered nurses.

Subd. 5. Assistance with arranged home care provider. Requires housing with services establishments to provide assisted living clients with information and assistance related to addressing concerns about services provided by arranged home care providers.

Subd. 6. Termination of housing with services contract. Specifies information that a housing with services establishment must provide to an assisted living client, if the establishment terminates a housing with services contract.

Provides a January 1, 2007, effective date.

16 Reservation of rights. Adds § 144G.04.

Subd. 1. Use of services. Provides that nothing in the chapter requires an assisted living client to utilize any service provided or made available in assisted living.

Subd. 2. Housing with services contracts. Provides that nothing in the chapter requires a housing with services establishment to execute or refrain from terminating a contract with a prospective or current resident who is unable or unwilling to meet the requirements of residency.

Subd. 3. Provision of services. Provides that nothing in the chapter requires the arranged home care provider to offer or continue to provide services to a prospective or current resident whose needs cannot be met.

Subd. 4. Altering operations; service packages. Provides that nothing in the chapter requires a housing with services establishment or arranged home care provider offering assisted living to fundamentally alter the nature of its operations to accommodate a client's need for facilities or services, or to refrain from requiring, as a condition of residency, that a client pay for a package of assisted living services even if the client does not utilize all or some of the services.

Provides a January 1, 2007, effective date.

17 Reimbursement under assisted living service packages. Adds § 144G.05. Provides that the requirements for the Elderly Waiver program's assisted living payment rates continue to be effective and providers who do not meet the requirements of this chapter may continue to receive MA payments as long as they meet federal requirements for assisted living plus. Also states that providers of assisted living under the Community Alternatives for Disabled Individuals (CADI) and Traumatic Brain Injury (TBI) waivers shall continue to receive payment as long as they continue to meet the definitions and standards for assisted living

and assisted living plus in the federally approved waiver plan. Provides a January 1, 2007, effective date.

- 18** **Uniform consumer information guide.** Adds § 144G.06. (a) Requires the commissioner of health to establish an advisory committee to present recommendations on a format for a guide to be used by individual providers of assisted living, and requirements for informing assisted living clients of their legal rights.

(b) Requires the commissioner, after reviewing the recommendations of the advisory committee, to adopt a uniform guide format and the required components of materials to be used by providers to inform clients of their legal rights, and to make the format and components available to providers.

- 19** **Revisor's instructions.** (a) Requires the revisor to strike all references to "Class E assisted living home care licenses" and similar terms in Minnesota Rules, chapters 4668 and 4669, and make related changes.

(b) Requires the revisor to change the term "assisted living home care provider" and similar terms to "Class F home care provider" and similar terms, in Minnesota Rules, chapter 4668, and make related changes.

Provides a January 1, 2007, effective date.

- 20** **Repealer.** Repeals Minnesota Rules, part 4668.0215, effective January 1, 2007 (a provision related to Class E assisted living home care providers).

Article 20: Long-Term Care

Overview

This article contains various provisions related to long-term care. This article requires quarterly assessments of nursing facility residents, modifies criteria for community-based provider scholarships, establishes procedures for nursing facility property reimbursement, modifies the nursing facility planned closure process, provides additional incentive-based payments for nursing facilities, and makes other changes.

Randall Chun, Danyell Punelli LeMire

- 1** **Resident reimbursement classifications.** Amends § 144.0724, subd. 3. Corrects a reference to hemiplegia/hemiparesis in the section of law listing the nursing facility resident case-mix groups.
- 2** **Resident assessment schedule.** Amends § 144.0724, subd. 4. Beginning October 1, 2006, requires all quarterly assessments to be used to determine resident case mix classifications for reimbursement.
- 3** **Definitions.** Amends § 144A.071, subd. 1a. Updates language defining the completion date for a nursing facility construction project, by replacing references to the "certificate of occupancy" with references to "clearance for the construction project" and adding a reference to construction project assets.
- 4** **Exceptions for replacement beds.** Amends § 144A.071, subd. 4a. Allows beds placed on layaway status as part of a previous statutory exception to the moratorium to be removed from that status if this removal is part of a project approved by the commissioner under the

competitive moratorium exception process.

- 5 **Exceptions for replacement beds after June 30, 2003.** Amends § 144A.071, subd. 4c. Provides an exception to the nursing home moratorium to license and certify up to 80 beds transferred from an existing, state-owned nursing facility in Cass County to a new facility located on the grounds of the Ah-Gwah-Ching campus. Requires operating cost payment rates for the new facility to be determined based on interim and settle-up payment provisions.

Sets the property payment rate at \$35 per day for the first three years and for subsequent years, requires this rate to be adjusted for inflation under the alternative payment system.
- 6 **Use of fines.** Amends § 144A.10, by adding subd. 6e. Requires the commissioner of health, when determining the use of or providing recommendations for the use of fines collected from nursing facilities, to include two representatives of the nursing home industry and two consumer representatives in the process of developing or preparing information, reviews, or recommendations.
- 7 **Definitions.** Amends § 144A.161, subd. 1. Replaces the term “local agency” with the term “county social services agency,” in a section dealing with nursing facility resident relocation. This change in terminology is also made in other subdivisions of the section.
- 8 **Scope.** Amends § 144A.161, by adding subd. 1a. Specifies that when a facility is undertaking closure, curtailment, reduction, or change in operations, the facility and the county social services agency must comply with the requirements of this section.
- 9 **Initial notice from licensee.** Amends § 144A.161, subd. 2. Requires facilities to inform prospective residents of the intent to close or curtail, reduce, or change operations, and of the relocation plan. Also makes a change in terminology.
- 10 **Planning process.** Amends § 144A.161, subd. 3. Requires the relocation plan to identify the steps that will be taken to address relocation needs of residents who may be difficult to place due to specialized care needs. Also changes terminology.
- 11 **Responsibilities of licensee for resident relocations.** Amends § 144A.161, subd. 4. Changes terminology.
- 12 **Licensee responsibilities prior to relocation.** Amends § 144A.161, subd. 5. Specifies additional requirements for the summary document that must be prepared for each resident and provided to the county social services agency. Also changes terminology.
- 13 **Licensee responsibilities to provide notice.** Amends § 144A.161, subd. 5a. Changes terminology.
- 14 **Licensee responsibility regarding placement information.** Amends § 144A.161, subd. 5c. Changes terminology.
- 15 **Responsibilities of the licensee during relocation.** Amends § 144A.161, subd. 6. Requires licensees to submit weekly rather than biweekly status reports, and changes terminology.
- 16 **Responsibilities of county social services agency.** Amends § 144A.161, subd. 8. Provides that the requirement that a member of the county social services agency staff visit certain relocated residents does not apply when a facility moved to a new location and residents chose to move to that location, nor to residents admitted after notice of closure who are discharged prior to the closure. Also changes terminology.
- 17 **Program criteria.** Amends § 256B.0918, subd. 1. Allows management staff with direct care duties to be eligible to receive scholarships under the home and community-based provider employee scholarship program.
- 18 **Provider selection criteria.** Amends § 256B.0918, subd. 3. Allows providers receiving at least \$300,000 annually in MA payments to participate in the scholarship program (under current law, the dollar threshold is \$500,000).

- 19 Funding specifics.** Amends § 256B.0918, subd. 4. Increases the MA rate increase provided to fund scholarships from two-tenths to three-tenths.
- 20 Rate increase for facilities in Stearns, Sherburne, and Benton Counties.** Amends § 256B.431, by adding subd. 43. Effective July 1, 2006, increases operating payment rates of nursing facilities in Stearns, Sherburne, and Benton counties to the geographic group III median rate. Sets the percentage of the rate that is case-mix adjusted at the percentage that is case-mix adjusted for each facility's June 30, 2006, operating payment rate. Provides that the subdivision applies only if it results in a rate increase, and that increases shall be added to the rate determined under any new reimbursement system under section 256B.440.
- 21 Alternate rates for nursing facilities.** Amends § 256B.434, subd. 4. Strikes a provision that allows facilities reimbursed under the alternative payment system to receive property rate adjustments for building projects. (This provision is replaced by more detailed language added in § 256B.434, subd. 4f.)

A new paragraph (d) requires the commissioner to develop additional incentive-based payments of up to 5 percent above a facility's operating payment rate for achieving contract outcomes. Allows the commissioner to solicit contract amendments and implement those that, on a competitive basis, best meet the state's policy objectives. Requires the commissioner to limit the amount of any incentive payment and the number of contract amendments within the funds appropriated. Allows incentive payments to be time-limited rate adjustments or one-time supplemental payments. In establishing specified outcomes and related criteria, requires the commissioner to consider: successful diversion or discharge of residents to the community, adoption of new technology, improved quality as measured by the Nursing Home Report Card, reduced acute care costs, and any additional outcomes proposed by a facility that the commissioner finds desirable.

- 22 Construction project rate adjustments effective October 1, 2006.** Amends § 256B.434, by adding subd. 4f. (a) Effective October 1, 2006, allows facilities reimbursed under the alternative payment system to receive a property rate adjustment for construction projects that exceed the minimum threshold of \$231,000 but do not exceed the maximum threshold of \$1.2 million. Specifies the requirements for counting capital assets purchased as construction costs. States that the definitions and methodologies that apply to moratorium exception projects and the cost-based (Rule 50) system are to be used unless specified otherwise, and also specifies the effective date of property rate adjustments.

(b) Allows facilities that have not converted from Rule 50 to the alternative payment system by September 30, 2006 to request rate adjustments through that date.

(c) Requires construction project rate adjustments for an individual facility to be at least 12 months apart.

(d) Specifies that capacity days are to be computed as provided under Rule 50.

(e) Provides the methodology to be used to determine the value of assets to be recognized, for total replacement and non-total replacement projects.

(f) Provides the methodology to be used to determine allowable debt, for projects approved under the competitive moratorium exception process.

(g) Provides the methodology to be used to determine allowable debt, for projects not

approved through the competitive moratorium exception process.

(h) Adds interest on debt related to financing or refinancing, and interest on debt incurred in establishing a debt reserve fund, to allowed interest expenses.

(i) Provides the methodology for calculating the construction project rate adjustment. This adjustment is computed as: allowable assets minus average debt, multiplied by 5.66 percent and adding interest, and dividing this total by 95 percent of capacity days.

(j) For projects that are not a total replacement, requires the amount calculated in paragraph (i) to be adjusted for nonreimbursable areas and added to the property-related per diem.

(k) For total replacement projects, requires the amount calculated in paragraph (i) to become the new property per diem after being adjusted for nonreimbursable areas.

(l) States that no additional equipment allowance is to be provided, since allowable equipment is included in construction project costs.

(m) Allows construction project costs to be accumulated over two years, for inclusion in a future rate adjustment request.

(n) For subsequent rate years, requires the property rate that results from this subdivision to be the rate that is adjusted by the alternative payment system inflation factor.

(o) Allows construction projects to be eligible for an equity incentive.

- 23 Facility rate increase effective October 1, 2007; Otter Tail County.** Amends § 256B.434, by adding subd. 4g. For the rate year beginning October 1, 2007, increases the operating rate for a 57-bed nursing facility in Otter Tail County to the 60th percentile of the operating rates of all other nursing facilities in the county.
- 24 Nursing facility rate increase effective October 1, 2007; Martin County.** Amends § 256B.434, by adding subd. 4h. For the rate year beginning October 1, 2007, requires the commissioner to increase the total operating payment rate for a nursing facility in Martin County licensed for 93 beds, by \$5 per resident day for all case-mix classes.
- 25 Applications for planned closure of nursing facilities.** Amends § 256B.437, subd. 3. For planned closure rate adjustments negotiated after March 1, 2006, removes the \$2,080 per bed limit. Provides that removal of this limit does not constitute an increase in the per-bed dollar amount for purposes of the requirement that the commissioner recalculate planned closure rate adjustments if the per-bed amount is increased. Provides a retroactive effective date of March 1, 2006.
- 26 Resident assessment schedule.** Amends § 256B.438, subd. 4. Requires the commissioner, effective October 1, 2006, to rebase payment rates in a facility specific, budget neutral manner, to account for the change to quarterly resident assessments for purposes of determining case mix classifications for reimbursement. Also makes a conforming change related to the switch to all quarterly assessments.
- 27 ICF/MR rate increases October 1, 2005, and October 1, 2006.** Amends § 256B.5012, subd. 6. Clarifies that the wage adjustment eligible ICF/MR employees may receive may vary based on merit, seniority, or other factors determined by the provider. Clarifies the adjustment the commissioner is to make for each facility. Makes this section effective the day following final enactment.

28 Reporting. Amends § 256B.69, subd. 9. Requires the commissioner to develop data reporting methods in order to provide aggregate enrollee information on encounters and outcomes. Adds paragraph (b), which specifies that certain health plan data reported to the commissioners of health and commerce are public data that the commissioner shall make available and use in public reports. Specifies certain information that each health plan and county-based purchasing plan must provide to the commissioner.

29 Alternative services; elderly and disabled persons. Amends § 256B.69, subd. 23. Paragraph (a) allows the commissioner to contract with Medicare-approved special needs plans to provide Medicaid services. Makes a technical change.

Paragraph (f) limits expansion for MnDHO projects that include home and community-based services until January 1, 2008. Requires enrollment in integrated MnDHO programs that include home and community-based services to remain voluntary. Prohibits costs for home and community-based services included under MnDHO from exceeding costs that would have been incurred under the fee-for-service program. Requires the commissioner to involve and consult with certain groups in developing program specifications for expansion of integrated programs. Requires plans for further expansion of the MnDHO program to be presented to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007.

Makes this section effective the day following final enactment.

30 Medicare special needs plans and medical assistance basic health care for persons with disabilities. Amends § 256B.69, by adding subd. 28. Paragraph (a) allows the commissioner to contract with qualified Medicare-approved special needs plans to provide MA basic health care services to persons with disabilities. Lists what is included in basic health care services. Specifies that enrollment in these plans for Medicaid services must be voluntary, unless a person is otherwise required to enroll in managed care.

Paragraph (b) allows the commissioner to contract, beginning January 1, 2007, with qualified Medicare special needs plans to provide basic health care services under MA to persons who are dually eligible for both Medicaid and Medicare and those Social Security beneficiaries eligible for Medicaid but in the waiting period for Medicare. Requires the commissioner to report to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007, on implementation of these programs and the need for increased funding for the ombudsman for managed care and other consumer assistance and protections needed due to enrollment in managed care of persons with disabilities. Specifies when payment for Medicaid services provided under this subdivision shall be made.

Paragraph (c) allows the commissioner to expand contracting under this subdivision to all persons with disabilities not otherwise required to enroll in managed care beginning January 1, 2008.

Paragraph (d) requires the commissioner to establish a state-level stakeholder group to provide advice on managed care programs for persons with disabilities.

Paragraph (e) requires each plan under contract to provide MA basic health care services to establish a local or regional stakeholder group for advice on issues that arise in the local or regional area.

- 31 Community services provider rate increases.** Amends Laws 2005, 1st Spec. Sess. ch. 4, art. 7, § 55. Clarifies that the rate increase provided for MR/RC, CAC, and TBI services includes consumer directed community supports. For services funded through MnDHO, clarifies that the rate increase applies to all MA payments, including former GRH supplementary rates. Clarifies that the wage adjustment eligible employees may receive may vary based on merit, seniority, or other factors determined by the provider. Makes technical changes. Makes this section effective the day following final enactment.
- 32 Transfers from special revenue fund.** Amends Laws 2005, First Special Session, ch. 4, art. 9, sec. 5, subd. 8. Allows money appropriated from the state government special revenue fund for the home and community-based provider employee scholarship program that are not expended during a biennium to be carried over to the next biennium. Extends the expiration date for the rider from June 30, 2009 to June 30, 2011.
- 33 Stakeholder participation.** Requires the commissioner to confer with one or more stakeholder groups to provide information and advice on the development of any substantial proposals for changes in the MA program authorized by the federal Deficit Reduction Act of 2005. Requires the commissioner to convene a stakeholder meeting and provide a 30-day comment period before any substantial Deficit Reduction Act-related MA change that affects recipients and that is proposed outside of the legislative or rulemaking process becomes effective. Requires notice to be given to the stakeholder group as soon as possible if the time frame required to comply with a federal mandate precludes the 30-day advance notice. Makes this section effective following final enactment.
- 34 ICF/MR Plan.** Requires the commissioner to consult with ICF/MR providers, advocates, counties, and consumer families to develop a stakeholder plan and legislation concerning the future services provided to people served in ICFs/MR. Requires the plan to be reported to the house and senate committees with jurisdiction over health and human services policy and finance issues by December 15, 2008. Lists several items the commissioner must consider in preparing the plan. Makes this section effective the day following final enactment.
- 35 Additional waiver allocations.** Allows the commissioner of human services to allocate an additional waiver allocation for a recipient of personal care services who received these services from a provider who was billing for a service delivery model other than individual or shared care on March 1, 2006.
- 36 Report on new case mix indices.** Requires the commissioner of human services to report to the legislature by December 15, 2006 a mechanism to implement recommendations for new case mix indices.
- 37 Repayment delay.** Delays county repayment of overspent waiver services allotments from calendar year 2004 and 2005 until May 31, 2007.

Article 21: Human Services Forecast Adjustments

Overview

Janelle Taylor

An appropriations deficiency occurs when the appropriation in law is smaller than the amount necessary to fully fund the program. An appropriations surplus occurs when the appropriation in law is greater than the estimated amount

necessary for the program. For the last several years, the legislature and the executive branch have operated under a series of budget principles that require the legislature to fully fund programs and for the executive branch to reflect the full cost of these programs in the forecasts.

This article makes corrections to appropriations for fiscal years 2006 and 2007 where the line item appropriation was different from the amounts needed to fully fund certain state programs. These appropriations changes are already included in the February 2006 Forecast of base expenditures.

Human services appropriations in this article are amended to reflect forecast adjustments. The human services adjustments in this bill are necessary to match the February 2006 forecast amounts and affect the following programs:

- MFIP;
- MFIP child care assistance grants;
- General Assistance;
- Minnesota Supplemental Aid;
- Group Residential Housing;
- MinnesotaCare;
- Medical Assistance;
- General Assistance Medical Care;
- MA Long-Term Care Waivers;
- MA Long-Term Care Facilities; and
- Chemical Dependency Entitlement Grants.

Article 22: Health and Human Services Appropriations

Janelle Taylor

1 Health and human services appropriations. Appropriates a total of \$38.987 million in fiscal year 2006 and \$82.957 million in fiscal year 2007.

2 Commissioner of human services.

Subd. 1. Total appropriation. Provides the total appropriations for the commissioner of human services.

Subd. 2. Health care grants. Provides the total appropriations for health care grants.

- **Medical assistance critical access dental payments rates.** Increases, by 38 percent, the MA reimbursement to dentists and dental clinics deemed to be critical access providers for dental services rendered on or after October 1, 2006, to June 30, 2007. Requires the commissioner to adjust payments to health plans for services provided from January 1, 2007, to June 30, 2007. Requires the commissioner to report to the legislature on the results of higher payments and provide recommendations.

Subd. 3. Health care management. Provides the total appropriations for health care management.

- **Health care administration base level adjustment.** Decreases the general fund base for health care administration in fiscal years 2008 and 2009.
- **Health care administration base level adjustment.** Decreases the health care access fund base for health care administration in fiscal years 2008 and 2009.
- **Health care operations base level adjustment.** Decreases the general fund base for health care operations in fiscal year 2008 and increases it in fiscal year 2009.
- **Health care operations base level adjustment.** Decreases the health care access fund base for health care operations in fiscal years 2008 and 2009.

Subd. 4. Continuing care grants. Provides the total appropriation for continuing care grants.

- **Alternative care grants base level adjustment.** Decreases the general fund base for alternative care grants in fiscal years 2008 and 2009.
- **Medicare Part D information and assistance reimbursement.** Provides that federal reimbursement obtained from information and assistance services provided by the Senior Linkage or Disability Linkage lines is appropriated to the commissioner for this activity.
- **Temporary rate increase.** Specifies that \$30,000 in fiscal year 2007 is for a temporary rate increase equivalent to 6 percent of the operating rate in effect on July 1, 2006, for a DT&H provider in Meeker County providing services to up to 110 individuals. Sunsets this rate increase on June 30, 2007. Requires the commissioner to review the appropriateness of per diem rates for DH&H services and to report to the legislature by January 15, 2007.
- **Mental health infrastructure.** Specifies that \$750,000 is for adult mental health infrastructure grants.
- **Mental health grants base level adjustment.** Decreases the general fund base for mental health grants in fiscal year 2009.

Subd. 5. Continuing care management. Provides the total appropriations for continuing care management.

- **Outcomes and tracking.** Specifies that \$448,000 in fiscal year 2007 and \$324,000 in fiscal year 2008 is for implementing the mental health services outcomes and mental health tracking systems.
- **Continuing care management base level adjustment.** Increases the general fund base for continuing care management in fiscal years 2008 and 2009.
- **Continuing care management base level adjustment.** Decreases the health care access fund base for continuing care management in fiscal

years 2008 and 2009.

Subd. 6. State-operated services.

- **Minnesota security hospital.** Allows state-operated services to establish additional community capacity for providing treatment and supervision of clients who have been ordered into less restrictive alternatives of care from the state-operated services transition services program in order to enhance the safety of the public, improve supervision, and enhance community-based mental health treatment.
- **State-operated services base adjustment.** Increases the general fund base for state-operated services in fiscal year 2008 and decreases it in fiscal year 2009.

Subd. 7. Children and Economic Assistance Grants. Provides the total appropriations for children and economic assistance grants.

- **Child care and development fund; federal deficit.** States that increased child care funds from the federal Deficit Reduction Act of 2005 may be allocated for the basic sliding fee child care program.
- **Child care absent day limits.** Appropriates \$62,000 in fiscal year 2007 from the general fund for child care absent day limit modifications and increases the general fund base for MFIP child care assistance grants in fiscal years 2008 and 2009.
- **Increase TANF transfer to federal child care and development fund.** Appropriates \$7,856,000 in fiscal year 2007 for MFIP transition year child care. Requires the commissioner to transfer sufficient TANF funds to the federal child care and development fund to meet this appropriation.
- **TANF maintenance of effort.** Provides for TANF maintenance of effort for fiscal year 2007.
- **Increase working family credit expenditures to be claimed for TANF/MOE.** Increases working family credit expenditures to be claimed as TANF maintenance of effort
- **Mental health crisis infrastructure.** Specifies that \$250,000 from the health care access fund is for children's mental health crisis infrastructure.
- **Children's services grants base level adjustment.** Decreases the health care access fund base for children's services grants in fiscal year 2009.
- **Children's and community services grants.** Allocates supplemental social service block grant funds appropriated under the federal 2005 Department of Defense Appropriations Act to those counties that served hurricane evacuees and reported those services on SSIS.
- **Basic sliding fee allocations; conversion to automated payment system.** Allows counties to use up to 6 percent of either calendar year

2008 or 2009 basic sliding fee child care allocations to fund accelerated payments that may occur during the preceding calendar year during the conversion to the automated child care assistance program system. Allows counties to use up to 3 percent of the combined calendar year allocations to fund accelerated payments if the conversion occurs over two calendar years. Makes this paragraph sunset December 31, 2009.

- **Mental health pilot.** Specifies an appropriation for the mental health pilot program for unsheltered individuals in Ramsey County and Hennepin County.
- **Minnesota food assistance program.** Reduces fiscal year 2006 and 2007 Minnesota Food Assistance program appropriations. Increases the general fund base for the Minnesota Food Assistance program in fiscal years 2008 and 2009.
- **Other children's and economic assistance grants base level adjustment.** Increases the general fund base for other children's and economic assistance grants in fiscal years 2008 and 2009.

Subd. 8. Children and economic assistance management. Provides the total appropriations for children and economic assistance management.

- **Food stamp asset limit.** Appropriates \$16,000 from the general fund in fiscal year 2007 for the systems cost of implementing food stamp asset limit changes.
- **Domestic violence informational brochure.** Appropriates \$44,000 from federal TANF funds in fiscal year 2007 for production of a domestic violence informational brochure and adds this appropriation to the Department of Human Services base.
- **Children and economic assistance operations base level adjustment.** Decreases the general fund base for children and economic assistance operations in fiscal years 2008 and 2009.

3 **Commissioner of health.**

Subd. 1. Total appropriation. Provides the total appropriation for the commissioner of health.

Subd. 2. Policy quality and compliance. Provides the total appropriation for policy quality and compliance.

- **Injunctive relief.** Requires the commissioner of health to present to the legislature recommendations to fund the cost of bringing actions for injunctive relief under Minnesota Statutes, section 144G.02, subdivision 2, paragraph (b) (established in article 19, section 14 of this act).
- **Health information technology.** Specifies that \$1,500,000 from the

health care access fund is for the implementation of the electronic health record grant program under Minnesota Statutes, section 144.366 (established in article 16, section 3 of this act). States that \$200,000 is available for grant administration and health information technology technical assistance.

Subd. 3. Health protection.

- **Pandemic influenza preparedness.** Specifies that \$5,000,000 from the general fund is for preparation, planning, and response to an outbreak of influenza.

4 Veterans Nursing Homes Board. Provides the total appropriation for the Veterans Nursing Homes Board.

- **Base adjustment.** Increases the general fund base for the Veterans Home Board in fiscal years 2008 and 2009.
- **Surprise inspections.** Requires the board to contract for two mock, surprise inspections during each fiscal year at the Minneapolis facility.
- **Quality assurance.** Specifies that \$1,868,000 is fiscal year 2006, and \$2,159,000 in fiscal year 2007 is to supplement nursing staff at the Minneapolis facility. Requires the board to negotiate to address wages, benefits, and staffing skill mix in order to appropriately serve the residents.

5 Health-related boards.

Subd. 1. Board of Medical Practice. Increases the appropriation to the Board of Medical Practice to cover higher than expected costs of investigation and legal action.

Subd. 2. Board of Chiropractic Examiners.

- **Board of Chiropractic Examiners appropriation increase.** Increases the appropriation to the Board of Chiropractic Examiners to correct programming difficulties incurred during implementation of payment processing changes. [VETOED.]

Subd. 3. Board of Dentistry.

- **Board of Dentistry appropriation increase.** Increases the appropriation to the board of dentistry to retain a legal analyst.

Subd. 4. Board of physical Therapy.

- **Board of Physical Therapy appropriation increase.** Increases the appropriation to the Board of Physical Therapy to correct programming difficulties incurred during implementation of payment processing changes.

6 Emergency Medical Services Board.

- **Emergency Medical Services Board appropriation increase.** Increases the appropriation to the Emergency Medical Services Board to be spent by the health professional service program from the state government special revenue fund.

7 Domestic violence informational brochure. Adds §256.029. Instructs the commissioner to provide a domestic violence informational brochure that informs applicants for general assistance, general assistance medical care, MFIP, medical assistance, and MinnesotaCare about the existence of domestic violence waivers. States that the brochure must also include information about services and programs to help victims of domestic violence. Instructs the commissioner that TANF funds must be used for the brochure. This section is effective upon federal approval.

8 Asset limitations for food stamp households. Adds §256D.0515. Increases the asset limit for food stamp households to assets of less than \$7,000. This section is effective upon federal approval.

9 Sunset of uncodified language. Unless otherwise provided, all uncodified language in this article expires June 30, 2007.